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ABSTRACT

There are 39 private colleges and universities in North Carolina. In 1974, 56% or 24,188 of the total undergraduate enrollment at these institutions were residents of North Carolina. The state has a policy of general financial assistance to the private sector amounting to $200 each academic year for each full-time resident undergraduate enrolled in these institutions. The institutions are obligated to match these funds. This report provides an overview of the private colleges and universities and the present state policy toward them as well as the contributions of these private institutions to the state while outlining their needs. These institutions have made it clear that state assistance should be in the form of aid to students and not aid to the institutions. The report recommends the establishment of a Tuition Assistance Grant program which would provide aid to needy North Carolina undergraduates to assist them in meeting tuition charges to attend an accredited private college or university which they select and to which they are admitted. The funds appropriated for the Tuition Assistance Grant program would respond to the problem of enrollment difficulties caused by the tuition differential between public and private institutions. (Author/JMF)

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PRIVATE HIGHER EDUCATION IN NORTH CAROLINA

ED112707

Report and Recommendations

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HE 006 525

THE BOARD OF GOVERNORS
THE UNIVERSITY OF NORTH CAROLINA

March 14, 1975

THE UNIVERSITY OF NORTH CAROLINA

Board of Governors

WILLIAM A. DEES, JR.
Chairman

March 14, 1975

The Honorable James E. Holshouser, Jr.
Governor of North Carolina
Administration Building
Raleigh, North Carolina 27611

The Honorable James B. Hunt, Jr.
Lieutenant Governor and President
of the Senate
State Legislative Building
Raleigh, North Carolina 27611

The Honorable James C. Green
Speaker of the House of Representatives
State Legislative Building
Raleigh, North Carolina 27611

Gentlemen:

By action of the Board of Governors on March 14, 1975, I have the honor to transmit to you and to all members of the General Assembly this Report on Private Higher Education in North Carolina.

Sincerely yours,

William A. Dees, Jr.

William A. Dees, Jr.
Chairman

TABLE OF CONTENTS

Introduction and Summary i

Chapter I. Objectives 1

Chapter II. The Private Colleges and Universities: An Overview 4

Chapter III. Present State Policy and Private Higher Education: The 1971 Legislation and the Current Program 10

Chapter IV. Contributions of the Private Colleges and Universities: Enrollments, Programs, and Degrees Conferred 21

Chapter V. Contributions of the Private Colleges and Universities: The Dual System 42

Chapter VI. The Needs of the Private Institutions 47

Chapter VII. Conclusions and Recommendations 52

Attachment 1: Letter of September 4, 1974, from North Carolina Association of Independent Colleges & Universities

Attachment 2: Comparison of Increase in State Allocation to Private Institutions with Increase in Scholarships Awarded by Private Institutions to Needy North Carolinians, 1972-73 to 1973-74

Attachment 3: Degree Programs of Private Institutions

INTRODUCTION

AND

SUMMARY

This report is transmitted to the members of the General Assembly in accordance with the following resolution adopted by the Board of Governors on March 14, 1975:

1. The Board of Governors transmits to the members of the General Assembly the report on "Private Higher Education in North Carolina," pursuant to the responsibility vested in the Board by G.S. 116-11(11).

2. The Board of Governors recommends to the General Assembly that the North Carolina Tuition Assistance Grant program be initiated beginning in fiscal year 1976-77, and that the present program of State aid authorized in Chapter 744 of the Session Laws of 1971 (codified as G.S. 116-19 through -22) be repealed effective June 30, 1976.

   The Board recommends that student eligibility for a North Carolina Tuition Assistance Grant be based on need. It recommends also that the Tuition Assistance Grant program be centrally administered by the Board of Governors through such office or agency as the Board may designate or contract with for this purpose, and in accordance with the basic policies set forth in Chapter Seven of the report on "Private Higher Education in North Carolina."

The Board further recommends that Tuition Assistance Grants provided under this program be not less than $100 and not more than $1,100 during one academic year for an eligible student who is attending a private junior college, and not less than $100 and not more than $1,300 during one academic year for an eligible student who is attending a private senior college or university.

The Board further recommends that adjusted effective income as defined by the College Scholarship Service (CSS) be used to define eligibility for a grant.

The Board further recommends that the program be funded at a level of $4,600,000 a year for 1976-77, and that said amount be adjusted to reflect inflationary cost increases since 1973.

3. The Board of Governors directs its Legislative Committee to seek the General Assembly's approval of the Tuition Assistance Grant program as recommended.

This report on private higher education was prepared in accordance with the responsibility of the Board of Governors to "assess the contributions and needs of the private colleges and universities of the State and . . . [to] give advice and recommendations to the General Assembly to the end that the resources of these institutions may be utilized in the best interest of the State" [G.S. 116-11(11)].

There are 39 private colleges and universities in North Carolina. Two of the 39--Duke and Wake Forest--are universities offering degree programs through the doctoral and first professional levels. Duke University enrolled 3,210 graduate and first professional students in the fall of 1974 out of a total enrollment (headcount) of 8,902; at Wake Forest these numbers were 1,278 and 4,195, respectively.

Twenty-seven of the institutions are senior colleges offering baccalaureate degree programs. Enrollment in the senior colleges in the fall of 1974 ranged from 2,175 at Elon to 197 at Sacred Heart. There are ten junior colleges, whose enrollment ranged in the fall of 1974 from 1,238 at Wingate to 308 at Mount Olive. Total headcount enrollment of North Carolina undergraduates at the 39 schools in the fall of 1974 was 24,188. North Carolinians comprised 56% of the total undergraduate enrollment. Among the 39, the proportion of North Carolina residents in the undergraduate student body varied from 96% at Mount Olive to 19% at Duke. All of the private institutions are related in some way to church denominations.

Over the four-year period from July, 1970, through July, 1974, the private universities and senior colleges conferred 30,524 bachelor's degrees, 1,930 master's, 1,810 first professional, and 898 doctoral degrees. The junior colleges conferred 6,887 associate degrees which were wholly or largely creditable toward a bachelor's degree.

The General Assembly of 1971, by Chapter 744 of the Session Laws of that year, established a State policy of general financial assistance to the private sector of higher education in this State. Under this program the State now appropriates $200 each academic year for each full-time North Carolina undergraduate enrolled in the 39 institutions. The institutions are obliged to provide aid to needy North Carolina students in an amount not less than the State dollars they receive. While all State dollars expended by these institutions do go to aid needy North Carolina undergraduates, there is no maintenance of effort required. State dollars have supplanted some institutional dollars that were used for this purpose prior to the initiation of the aid program. The institutions have not

been able to use all of the State funds appropriated. In 1973-74, $216,000 was never allocated to the institutions because there were not enough North Carolina undergraduates enrolled; and, $88,000 of the $4,384,000 which was allocated reverted to the State because there were not enough needy students at some institutions to claim the funds.*

The private institutions proposed to the Board of Governors in September, 1974, that the State endorse a principle of proportionality in its support of its own institutions of higher education and in giving support to private colleges and universities. They asked that State aid to private higher education be increased from the current level of $4.6 million a year to $19 million a year by 1976-77. This increase was requested in the form of tuition grants to every full-time North Carolina undergraduate enrolled in those institutions, at the rate of $400 per student in 1975-76 and $600 per student in 1976-77. These grants would be given without reference to the need of the student or the need of the institution, and they would be in addition to the present aid program. The private institutions did not, in their request, propose any proportionality in their accountability to the State.

Enrollment in the private sector has increased over the last decade. The rate of increase has not been as great as that in the public institutions. This is particularly true in the enrollment of North Carolina residents, so there has been a shift in enrollments. Some private institutions have chosen to limit their enrollment of North Carolina undergraduates. Generally, the private sector has realized the enrollment

*In contrast with the existing program of State aid to private institutions, all appropriated funds for the proposed Tuition Assistance Grant program could be utilized and no funds would revert. This would be made possible through the flexibility inherent in a centrally administered Tuition Assistance Grant program.

growth which it projected for its institutions in 1962 in The Report of the Governor's Commission on Education Beyond the High School. However, the smaller private senior institutions (those enrolling fewer than 1,000 students) and the private junior colleges are the institutions most affected by the changing enrollment patterns. The smaller private senior institutions have had a total undergraduate headcount enrollment decline of about 8% since 1970, while the larger private senior institutions have increased in enrollment by 7%. The private junior colleges have declined by 23% since 1970.

The size of the traditional college-age population (18-21 year olds) in North Carolina will reach an all-time high in 1975 at 445,700 and will then begin to decline. Enrollment patterns of all institutions, public and private, will be affected by this demographic trend by the end of the 1980s. Most of the private institutions have academic programs concentrating principally in the liberal arts and in teacher education. This is particularly the case at the smaller institutions. The public institutions which have grown most rapidly in undergraduate enrollments are those with broader offerings in the arts and sciences and more diversified majors in addition to the liberal arts and teacher education. To compare enrollment trends of North Carolina residents between the "public sector" and the "private sector" is an oversimplification. The congruence of factors such as the end of the military draft, recession and inflation, and changing labor market conditions has resulted in changing patterns of student attendance away from smaller colleges toward larger and more diversified colleges.

There is evidence of financial need among the private institutions. This need is unevenly distributed, and most of it would appear to be

related to economies of scale. The Carnegie Commission on Higher Education studies found that, for liberal arts colleges, costs of operation per student decline sharply as an institution grows to about 900 (full-time equivalents) and continue to decline until enrollment reaches about 2,000. The Commission concluded, on the basis of the national data, that there appears to be a "minimum size below which each type of institution cannot operate economically, unless it is exceptionally well endowed, and even then it may not be in a position to offer its students as broad a range of courses as somewhat larger institutions are in a position to provide." More than half of the private institutions in North Carolina are institutions which, in the words of the Commission report, are running "the risk of failing to take advantage of economies of size and/or of not offering their students an adequate choice of programs." Much of the financial and other needs of many of the private institutions would thus appear to arise from inherent problems with which only those institutions, their governing boards, and their sponsoring denominations can contend.*

Higher education in North Carolina is enriched and strengthened by the existence of strong public and private institutions. Programs of

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*This report was completed before the announcement was made that North Carolina Wesleyan College would be compelled to close unless its financial obligations were assumed by the State or by private benefactors. The private institutions chose not to submit documentation of their finances for purposes of this study, beyond the information routinely reported to the U. S. Office of Education in the Higher Education General Information Survey. From the data submitted, there was no indication of an impending crisis at Wesleyan.

The report states, at page 54, that the problem of the private sector appears to be "more far reaching than the spokesmen of private higher education have represented it to be." The Wesleyan crisis indicates that this is the case, particularly when it is recognized that neither the September 4 proposal of the private colleges, nor the recommendation of the Advisory Budget Commission to double the amount of aid under the present program, would suffice to solve Wesleyan's financial difficulties.

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State aid across the nation have in common their recognition of this principle. All are predicated to some extent on the proposition that a dual system--public and private--strengthens all of higher education by making possible the existence of two kinds of institutions, complementary to one another and providing educational alternatives that might not exist if only one type of institution were available. The private colleges in this State have attached great value to the maintenance of their private character and their independence from State control. Thus, they have made it clear that State assistance should be in the form of aid to students and not aid to the institutions. This report therefore recommends the establishment of a Tuition Assistance Grant program. These grants would provide aid to needy North Carolina undergraduates to assist them in meeting tuition charges to attend an accredited private college or university which they select and to which they are admitted. The funds appropriated for the Tuition Assistance Grant program would respond to the problem of enrollment difficulties caused by the tuition differential between public and private institutions. The grants would supplement the other student financial aid resources from federal and other sources available to the private institutions, resources which exceeded $20 million in 1973-74.

I

OBJECTIVES

The Board of Governors on November 15, 1974, adopted a resolution directing that a study be made of private higher education in North Carolina. This action was taken in accordance with the special responsibilities vested in the Board in G.S. 116-11(11), which directs that

> The Board of Governors shall assess the contributions and needs of the private colleges and universities of the State and shall give advice and recommendations to the General Assembly to the end that the resources of these institutions may be utilized in the best interest of the State. All requests by private institutions of higher education for State assistance to the institutions or to students attending them shall be submitted first to the Board for review and recommendation before being presented to any other State agency or to the General Assembly.

This legislative directive relates to the larger responsibility of the Board of Governors to "plan and develop a coordinated system of higher education in North Carolina," and it is consistent with the declared purposes of the 1971 legislation reorganizing public senior higher education: "to foster the development of a well-planned and coordinated system of higher education, to improve the quality of education, to extend its benefits and to encourage an economical use of the State's resources. . . ."

This study of the private institutions is therefore a part of the long-range planning activity in which the Board of Governors is now engaged. It had not been contemplated, initially, that such a study would be made until later in 1975. For the interim, the Board incorporated into its 1975-77 Budget Request, as adopted on October 28, 1974, the continuation of the present program of State assistance to private higher education as provided for under the terms of Chapter 744, Session Laws of 1971. The Board

reiterated in the November 15 resolution that the present program be continued for the 1975-77 biennium at the current funding level.

The Board action of November 15 was prompted by a request submitted to it on September 4, 1974, by the North Carolina Association of Independent Colleges and Universities. This request contained two elements of importance: (1) It asked that the volume of State aid to private colleges and universities be substantially increased, and (2) it asked that the Board of Governors endorse a new principle with respect to the relationship of the State to the private institutions.

With reference to State aid itself, the private institutions asked that the Board recommend to the Governor, the Advisory Budget Commission and to the General Assembly:

(1) That the present program of aid ($4.6 million per annum) be continued; and, in addition,

(2) That a tuition grant be provided by the State to every full-time North Carolina undergraduate, without respect to need, enrolled in the private institutions in the amount of $400 per student in 1975-76 and $600 per student in 1976-77.

Assuming an enrollment of 23,000 full-time North Carolinians in the first year of the biennium and 24,000 in the second, the total State appropriation for this combined program was projected in the request as follows:

Year	Full-time N.C. Undergraduates	Present Program	Tuition Grant Program	Total Appropriations
1975-76	23,000	$4,600,000	$ 9,200,000	$ 13,800,000
1976-77	24,000	4,600,000	14,400,000	19,000,000
			Biennial Total ---	$ 32,800,000

In addition to this request that the annual level of State appropriations be increased by 260% over the biennium, the private institutions also asked that enabling legislation be enacted to "provide aid to students enrolled at

private colleges and universities up to 50% of the average per capita cost to the State for each FTE undergraduate student enrolled at the 16 campuses of The University of North Carolina."[1] Thus, the Board was asked to endorse some principle of proportionality between the State's support of its own institutions and the private colleges and universities.

The private institutions did not indicate in their written request, or on the two occasions that their representatives met with the Board's Committees on Educational Planning, Policies and Programs, and Budget and Finance, what marked change in their financial or other circumstances--if any--had occasioned their asking for this major increase in State aid. In a prepared statement to the Committees on November 8, 1974, the North Carolina Association of Independent Colleges and Universities did call upon the Board to examine the problems and the contributions of the private institutions in the context of its broad responsibilities for all of higher education. It was stated that the proposed program, "or an alternative program, is needed." The statement continued:

> It [an alternative program] must be one which provides a freedom of choice based on a clear recognition that the present cost differential to the lower and middle income family, or student, will not permit 'choice' to operate. We join with the public university administrative leadership in supporting a low tuition principle. A program offering significant tuition aid to students attending private colleges and universities will better utilize all present resources available to the State.

In the action taken on November 15, the Board of Governors declined to approve the proposal made to it by the private institutions. At the same time it directed that a study of private higher education be made so that the Board would be enabled to submit further reports and recommendations to the General Assembly. This study, and the recommended alternatives for changes in State policy toward private higher education, are submitted in response to that directive.

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[1] The text of the September 4, 1974, request of the private institutions is in Attachment 1 of this report.

II

THE PRIVATE COLLEGES AND UNIVERSITIES: AN OVERVIEW

There are today 39 private colleges and universities in North Carolina. As a group the institutions comprising this "private sector" possess many differences and many marked similarities, as educational institutions, when compared with one another and when compared with the "public sector." Subsequent chapters will detail the differences and the similarities in several areas of particular significance. It will be useful first, however, to attempt a general description of private higher education overall.

Two of the 39 institutions are universities in the traditional meaning of that word--Duke University and Wake Forest University. Both of these institutions offer work at the first professional (i.e., law and medicine) and at the doctoral levels. Duke University enrolled 3,210 graduate and first professional students in the fall of 1974, out of a total enrollment (headcount) of 8,902; at Wake Forest these numbers were 1,278 and 4,195 respectively.

Twenty-seven of the 39 institutions are "colleges" in the conventional sense, offering academic programs at the baccalaureate level. Six of these are predominantly black institutions, four are women's colleges, and 23 are coeducational (although one has only very recently begun to enroll women students). In size they range from a headcount enrollment of 2,175 at Elon College in fall, 1974, to 197 at Sacred Heart.

There are ten private junior colleges. One of these is a predominantly black institution, two are women's colleges, and eight are coeducational. The junior colleges range in size (in fall, 1974, headcount) from 1,238 at Wingate to 308 at Mount Olive.

Until the 1830s The University of North Carolina at Chapel Hill was the only institution offering collegiate level work in North Carolina. Thirty of the private institutions were founded before 1900, and seven were founded before 1850. Four have been established since 1950. Some of the older institutions opened as academies, it should be noted, and began offering collegiate work at a later time.

Over the years the private sector has experienced many changes in the number of institutions comprising it. Some 30 colleges have passed out of existence since the first Queens College closed in 1780. Some of these have been the result of mergers, as when Flora Macdonald and Presbyterian Junior College were merged into the new St. Andrews Presbyterian College. In this decade, one private institution, Southwood College, has closed (in 1972), and Mitchell Junior College was made a part of the Community College system in 1972.

Each of the private institutions is governed by a board of trustees. By definition, they are all independent of State control and regulation except that they must be chartered and licensed to grant degrees, and in certain academic program areas (e.g., nursing) there are special State licensing requirements.

What all of the 39 private institutions have in common with one another, and what sets them clearly apart from the public institutions, is that they are all related in some way with the church. The nature of this relationship will vary from one institution to another. The denominational affiliations of the 39 institutions are distributed as follows:

Denomination	Number of Institutions
United Methodist	9
Presbyterian, U. S.	8
Southern Baptist	7
Protestant Episcopal	2
Roman Catholic	2
United Church of Christ	2
African Methodist Episcopal	1
American Baptist	1
AME Zion	1
Disciples of Christ	1
Free Will Baptist	1
Friends	1
Lutheran	1
Moravian	1
United Presbyterian	1

The pattern of financial support provided to the institutions by the respective denominations is mixed. One reports in its current catalogue that it has received no funds from the sponsoring denomination. Another received funding of only $2,000 from the immediate denominational agency. In other instances, however, denominational support is measured in hundreds of thousands of dollars. Overall, when measured against the operating budgets of the institutions, such contributions would probably best be characterized as providing only a small proportion of the necessary funds, although that proportion may be extremely important. They are proportionately a small part of the operating budgets, but these contributions may represent generous support which is indicative of strong ties between the institution and the church.

For their part, the institutions characteristically place considerable emphasis upon their links with the church. In statements of purpose and mission they stress the objective of providing a Christian education. Many have specific credit hour or course requirements in religion in their curricula. Further, they typically provide tuition remissions or deductions to children (or spouses) of ministers of the sponsoring denomination. It is

difficult to generalize about the degree of direct denominational control over the institutions. Patterns of institutional (and denominational) governance vary widely. Trustees often are chosen by church authorities. That the denomination may have an important, if not decisive, role in areas such as academic programs may be illustrated, however, in the fact that church agencies recently reviewed proposals from one of the institutions affiliated with that denomination for support and approval of the establishment of a new law school and a new graduate school.

Summary information on the size, location, date of founding and denominational relationship of the 39 institutions is provided below in Table II-1. For the purposes of this study it will be useful to conclude this general description by a classification of the private institutions into categories which can then be applied to the public institutions. The most useful bases of classification are levels of academic degrees, enrollments, and size. These bases, applied to all of the private and public institutions of higher education in North Carolina, indicate these seven categories of institutions: (1) doctoral-research universities: (2) other doctoral universities; (3) graduate level institutions not offering the doctorate; (4) large baccalaureate institutions; (5) small baccalaureate institutions; (6) junior colleges; and (7) conservatory.

Three institutions (two public, one private) are in the doctoral-research category: The University of North Carolina at Chapel Hill, North Carolina State University at Raleigh, and Duke University. Two institutions (one public, one private) are in the category "other doctoral"--The University of North Carolina at Greensboro and Wake Forest University. All of the institutions in the third category of other graduate level offerings are constituent institutions of The University of North Carolina:

TABLE II-1. GENERAL DATA ON PRIVATE INSTITUTIONS IN NORTH CAROLINA

Name	Denominational Relation	Location	Sex	Date Established	Fall 1974 Enrollment
UNIVERSITIES					
Duke University	United Methodist	Durham	Coed.	1838	8,902
Wake Forest University	Southern Baptist	Winston-Salem	Coed.	1834	4,195
SENIOR COLLEGES					
Atlantic Christian College	Disciples of Christ	Wilson	Coed.	1902	1,710
Barber-Scotia College	Presbyterian, U.S.	Concord	Coed.	1867	470
Belmont Abbey College	Roman Catholic	Belmont	Coed.	1876	688
Bennett College	United Methodist	Greensboro	Women	1873	570
Campbell College	Southern Baptist	Buies Creek	Coed.	1887	1,820
Catawba College	United Church of Christ	Salisbury	Coed.	1851	1,101
Davidson College	Presbyterian, U.S.	Davidson	Coed.	1837	1,218
Elon College	United Church of Christ	Elon College	Coed.	1889	2,175
Gardner-Webb College	Southern Baptist	Boiling Springs	Coed.	1905	1,570
Greensboro College	United Methodist	Greensboro	Coed.	1838	541
Guilford College	Friends	Greensboro	Coed.	1837	1,590
High Point College	United Methodist	High Point	Coed.	1924	1,068
Johnson C. Smith University	Presbyterian, U.S.	Charlotte	Coed.	1867	1,209
Lenoir Rhyne College	Lutheran	Hickory	Coed.	1891	1,333
Livingstone College	A.M.E. Zion	Salisbury	Coed.	1879	816
Mars Hill College	Southern Baptist	Mars Hill	Coed.	1856	1,575
Meredith College	Southern Baptist	Raleigh	Women	1891	1,430
Methodist College	United Methodist	Fayetteville	Coed.	1956	614
North Carolina Wesleyan College	United Methodist	Rocky Mount	Coed.	1956	535
Pfeiffer College	United Methodist	Misenheimer	Coed.	1885	900
Queens College	Presbyterian, U.S.	Charlotte	Women	1857	611
Sacred Heart College	Roman Catholic	Belmont	Coed.	1892	197
St. Andrews Presbyterian College	Presbyterian, U.S.	Laurinburg	Coed.	1961	637
St. Augustine's College	Protestant Episcopal	Raleigh	Coed.	1867	1,515
Salem College	Moravian	Winston-Salem	Women	1772	617
Shaw University	American Baptist	Raleigh	Coed.	1865	1,625
Warren Wilson College	United Presbyterian	Swannanoa	Coed.	1894	405
			TOTAL - Universities and Senior Colleges		41,637
JUNIOR COLLEGES					
Brevard College	United Methodist	Brevard	Coed.	1895	535
Chowan College	Southern Baptist	Murfreesboro	Coed.	1848	1,022
Kittrell College	African Methodist Episcopal	Kittrell	Coed.	1886	404
Lees-McRae College	Presbyterian, U.S.	Banner Elk	Coed.	1900	717
Louisburg College	United Methodist	Louisburg	Coed.	1857	663
Montreat-Anderson College	Presbyterian, U.S.	Montreat	Coed.	1916	405
Mount Olive Junior College	Free Will Baptist	Mount Olive	Coed.	1952	308
Peace College	Presbyterian, U.S.	Raleigh	Women	1857	455
St. Mary's Junior College	Protestant Episcopal	Raleigh	Women	1842	313
Wingate College	Southern Baptist	Wingate	Coed.	1897	1,238
			TOTAL-Junior Colleges		6,060

Appalachian State University; East Carolina University; North Carolina A & T State University; North Carolina Central University; University of North Carolina at Charlotte; and Western Carolina University. The fourth category of "large baccalaureate institutions" is defined to consist of four-year institutions whose enrollments have averaged more than 1,000 annually over the last four years. This includes six constituent institutions of The University and 15 private colleges. Category five, "small baccalaureate institutions," consists of twelve private institutions only. "Junior colleges" includes the ten private junior colleges and the 17 public community colleges. The final category is comprised of The North Carolina School of the Arts, a campus of The University.

Table II-2 summarizes this classification scheme, which will be pertinent to subsequent analyses of enrollments, degree programs and other topics. Before entering into that discussion, it will be useful to proceed first to a description and analysis of current State policy concerning aid to private higher education and the immediate context in which this policy was developed.

TABLE II-2. CATEGORIES OF INSTITUTIONS IN NORTH CAROLINA, 1974

Category	Control: Private	Control: Public
1. Doctoral/Research Universities	Duke	UNC-Chapel Hill NCSU-Raleigh
2. Other Doctoral	Wake Forest	UNC-Greensboro
3. Master's granting (Regional) universities	None	ASU, ECU, NCCU, NC A&T, UNC-Charlotte, WCU
4. Larger, Four-year Colleges	ACC, Campbell, Catawba, Davidson, Elon, Gardner-Webb, Guilford, High Point, J. C. Smith, Lenoir Rhyne, Mars Hill, Meredith, Pfeiffer, St. Augustine's, Shaw	BCC, FSU, PSU, UNC-A, UNC-W, WSSU
5. Smaller, Four-year Colleges	Barber Scotia, Belmont Abbey, Bennett, Greensboro, Livingstone, Methodist, North Carolina Wesleyan, Queens, Sacred Heart, St. Andrews, Salem, Warren Wilson	None
6. Junior Colleges	All junior colleges	All community colleges
7. Conservatory	None	North Carolina School of the Arts

III

PRESENT STATE POLICY AND PRIVATE HIGHER EDUCATION: THE 1971 LEGISLATION AND THE CURRENT PROGRAM

The General Assembly of 1971, by Chapter 744 of the Session Laws of that year, established a State policy of general financial assistance to the private sector of higher education in this State. The declared reasons for enactment of the plan were to aid needy students, to save State funds by encouraging students to go to private rather than to public institutions, and in the words of the preamble of the act, to help "private institutions [which] have, in recent years, found it increasingly difficult to meet operating expenses . . . ."

This legislation was a major change in State policy. Generally, private higher education had benefited prior to 1971 from forms of indirect support, such as tax exemptions and various kinds of categorical student scholarship and loan programs, but no General Fund appropriations were provided for the private institutions. Beginning in 1969 the State appropriated funds for the two private medical schools, in return for the schools' enrolling North Carolina residents. This legislation was not a basic change in policy, however, in that the contractual arrangements it provided for were not unlike those made over many years through the Southern Regional Education Board for the enrollment of North Carolinians in institutions in other states.

North Carolina's change in policy in 1971 was consistent with a national trend. An increasing number of states were by that time taking action to provide some form of aid to private colleges and universities. The program initiated in North Carolina was one recommended to the General Assembly by

the Board of Higher Education in a study it prepared that year of the private institutions in the State.[1]

The 1971 BHE Study

A major premise upon which the Board of Higher Education study of 1971 was initiated was that the private institutions were in financial difficulty and that a program of State assistance should be formulated in response to that need. The study confirmed the assumption of financial distress, although the distress was quite unevenly distributed. The study reported that "Seventeen of North Carolina's 41 private institutions of higher education have budgeted deficits for 1970-71."[2] The report said that the situation was actually worse than the catalogue of deficits indicated. It observed that "there are more true deficits than the budgets show," and estimated that in reality "well over half the private institutions in North Carolina are operating at deficits." It made the forecast that "Some institutions will likely pass out of existence. . . ."[3]

The Board report saw the fundamental problem as one related to enrollments. In some instances financial problems were not the result of enrollment difficulties, but that was the exception and not the rule. The recommendations were shaped largely by this assumption.

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[1] Private Higher Education in North Carolina: Conditions and Prospects - A Study of Enrollment, Finances, and Related Subjects, 1965-1970 (Raleigh: N. C. Board of Higher Education, Special Report 2-71, April, 1971). A 1968 long-range planning report of the BHE asked "that consideration be given to providing state assistance to private higher education," and stated that a study would be made "to this end" with the cooperation and assistance of the private institutions. See Planning for Higher Education in North Carolina (Raleigh: N. C. Board of Higher Education, Special Report 2-68, 1968), p. 261.

[2] Private Higher Education in North Carolina, p. 33.

[3] Ibid., pp. 34-35.

The report said that the number of North Carolina students attending many of the private institutions was declining, and it predicted that the vacancies that would result from this trend would not be filled by out-of-State students. It estimated that already there were available spaces for 5,309 additional students in the 41 institutions. For the private sector as a whole it reported that endowment income provided only 2.8 percent of operating funds, and student receipts represented the principal source of operating funds. The study concluded that increased enrollments of North Carolina students was the only real solution, and, further, it asserted that this increased enrollment was in the best interests of the State and the taxpayers.

Its reasoning was that rising tuition and other costs at private institutions were pricing those institutions out of the market.

> A majority--about two-thirds--of private institutions are experiencing declining enrollments. If the economic squeeze between rapidly rising costs and only slightly rising revenues is causing institutional difficulty in meeting budgets . . . , it is reasonable to assume that families find themselves equally squeezed; their incomes have not risen so fast as the cost of private education. Thus, more and more families are sending their young men and women to public campuses to reduce educational expenses. The affected enrollments have added to the financial difficulties of private institutions.[4]

The BHE report acknowledged that the financial crisis was not confined to private higher education, but that the private institutions were only experiencing it first. It noted that "the private institutions" difficulties, with the exception of underenrollment, are already present among the public

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[4] Ibid., p. 15. In fact, per capita income in North Carolina increased faster than tuition and fees at North Carolina private institutions between 1968 and 1973. During this period the per capita income rose by 55.9 percent and the average tuition and fees in the private sector increased by 48.6 percent. See U. S. Department of Commerce, Survey of Current Business, Washington, August, 1974, p. 33.

institutions and--unless trends change--will be grave before 1980."[5] The clear conviction was expressed, however, that economies could be achieved by the State if it could encourage private institutions to enroll larger numbers of North Carolinians in return for some form of State appropriation less than that required for each student attending a public institution. The case rested, in summary, upon the presumed consequences of the principle of low tuition at public institutions. "Clearly then," it was stated, "the State saves money when it can educate a resident at a private institution [in North Carolina] for any amount under the $1,283 and $750 per-student operations appropriations." (These were the estimated appropriations required for each FTE student at the public four-year campuses and the community colleges, respectively. The figures are synthetic.) The State constitutional principle of low public tuition, or its social benefits, was neither affirmed nor denied. It was passed over in silence with the observation that "the savings to the State would be considerable," and therefore that it would be "good business practice" for the State to "use its economic power to fill the vacancies of the private institutions."[6]

The study concluded with two sets of recommendations. The first set was addressed to the presidents of the private colleges and universities.[7]

In the area of development the authors commended the efforts of the private institutions to organize at the Statewide level. It urged, however, that development activities be directed away from building programs and

[5] Ibid., p. 33

[6] Ibid., p. 62.

[7] Ibid., pp. 45-54.

toward obtaining funds for operating programs--"scholarships, faculty salaries, debt retirement, and the like . . ." In endowments, it was observed, most were "paupers," but "paradoxically almost all are rich in [physical] plant."[8]

In the area of curriculum, the report was critical of the private institutions (and of the public ones). It exhorted the institutions to redirect their academic programs in structure and in substance and to review existing programs. "Officers concerned with academic programs in the private institutions," it was asserted, "need a reconceptualization potentially more traumatic than that needed by development officers."[9] The report manifested a strong conviction that curricular reform, economical use of resources, and appeal to potential students were directly and proportionately related. "The internal economies and the liberating possibilities of reformed curricula (an attraction to students) are more vital to the survival of private institutions than any hopes for total rescue by outside forces."[10]

The second set of recommendations, addressed to the Governor and to the General Assembly,[11] was developed in the context of the Report and Recommendations of the North Carolina Legislative Study Commission on Student Financial Aid. The Preliminary Report (Part I) of the Commission was made in September, 1970, and the final report (Part II) was submitted on March 2, 1971. The Commission recommended a comprehensive student aid program, centrally administered. Four proposed approaches were described, and all were designed, in effect, to eliminate the tuition differential between

[8] Ibid., p. 31.

[9] Ibid., p. 49.

[10] Ibid., p. 53. Emphasis is in the report.

[11] Ibid., pp. 55-63.

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public and private institutions to the end "that students are permitted to select institutions on educational grounds, and not only because of differences in student costs."[12]

Consistent with its own conclusions about the tuition differential and its consequences, the Board report on the private institutions found that, if any one of the Commission's plans were fully funded, further recommendations for aid to the private institutions would be "superfluous." Only partial funding of any of the plans, however, which would not provide a cost differential to the student attending a private institution, "would hasten the bankruptcy of faltering institutions." Accordingly, for such an event the Board of Higher Education report submitted an Alternative Recommendation consisting of two parts.

Part One of the Alternative Recommendation called for appropriations in the amount of $200 a year, beginning in the fall term of 1972, to the accredited private colleges and universities (seminary, Bible and proprietary institutions were excepted) for each full-time equivalent North Carolina undergraduate enrolled. Estimating such an enrollment at 23,000, the projected annual cost was $4.6 million. In return, each institution would contract that in any given year it would provide and administer scholarship funds for needy North Carolina students "in an amount at least equal to that of the award." It further called for a study of the program in the fall of 1972 by the Board, and stated that its continuance would depend upon recommendations submitted by the Board in 1973 to the Governor and to the General Assembly.

Subject also to that stipulation of further study and recommendations, Part Two of the Alternative Recommendation called for the State to contract

[12] Report and Recommendations of the North Carolina Legislative Study Commission on Student Financial Aid, Part II, (Raleigh: March 2, 1971), p. 17.

with the same institutions to award $600 a year for each FTE North Carolina undergraduate enrolled "in excess of the number enrolled in the fall of 1970. . . ." This award was not conditioned upon the financial need of the North Carolina students, nor would any benefit necessarily accrue to the student. Its purpose was described as a means "to divert a portion of the additional in-state students expected each year to the existing vacancies in the private institutions and thereby to save funds for the State." It was estimated that up to 1,000 of an anticipated 6,000 to 8,000 new students would be so diverted.

The State Aid Program

The 1971 General Assembly did in fact authorize a comprehensive student financial aid program but did not fund it. It did enact, and fund, by Chapter 744 of the Session Laws of that year, a program of State aid to private institutions which paralleled the two parts of the Alternative Recommendation made in the report on Private Higher Education in North Carolina.

The 1971 State aid statute had two elements, as did the Board of Higher Education's Alternative Recommendation. One element was designed to provide a financial incentive to private institutions to increase the number of full-time equivalent North Carolina resident undergraduates they enrolled by paying the private institutions a fixed sum for each additional such student enrolled in the fall of 1972 over the number enrolled in the fall of 1970. In the only year of operation of that program (1972-73), gains totaling 1,169 students were recorded by 20 private institutions and losses totaling 862 students were recorded by 20 institutions. The resulting net gain of 307 North Carolina resident undergraduates by the private institutions cost the State $450,000, or approximately $1,465 per student. (The BHE study had projected a gain of up to 1,000 students would cost $600,000, or $600

per student.) Although the provision establishing this enrollment acceleration feature remains in the statute, no funds were appropriated to carry it out in 1973 or 1974 in the light of that experience.

The second element of the 1971 plan is still in operation. It provides for a program of assistance keyed to the total number of North Carolina resident undergraduates currently enrolled in the private colleges and universities (exclusive of theological and Bible Colleges) in this State. The initial appropriation supported an allocation of $26.59 per North Carolina resident undergraduate in 1972-73.

The Board of Governors in 1973 recommended to the General Assembly that the State aid program be funded for 1973-75 at the level of $75 for each FTE North Carolina resident undergraduate they enrolled. The General Assembly raised that figure to $200 per student for 23,000 students, or a total of $4,600,000, for 1973-74. The Board of Governors recommended and the General Assembly appropriated the same amount for 1974-75.

The amount of State aid funds available to a private institution each year is determined by multiplying the number of full-time equivalent North Carolina resident undergraduates in attendance on October 1 by $200. An institution's allocation is not affected by the number or proportion of its North Carolina students who are needy.

The institution to which funds are allocated is not obliged to <u>increase</u> the student aid funds it makes available to North Carolina resident undergraduates by the amount allocated to it by the State. The law only requires that, in any given year, "the institution . .. provide and administer scholarship funds for needy North Carolina students in an amount <u>at least equal</u> to the amount paid to the institution . . . during the fiscal year."

The grants by the institution that may be counted toward meeting the obligation to "provide . . . scholarship funds for needy North Carolina students . . ." are based on the financial needs of individual students. Students' needs are determined by the institution they attend, applying the same nationally-recognized methods used to establish the financial needs of students attending The University of North Carolina. In this instance, of course, the process must take into account the greater cost of attending private institutions. The amounts of the grants made to needy students are not set by the State but by the institutions they attend. A grant can range from a small sum to the full cost of attendance. The decisions on the North Carolina residency status of students govern the size of the allocation made to each institution and the eligibility of each student for a scholarship. Those decisions are made by the respective institutions, acting in accordance with the residency status regulations established by the Board of Governors and applicable also to the constituent institutions of The University of North Carolina.

During the first year of operation of the program (1972-73), $1,025,000 was allocated to the private institutions in aid funds, but grants by those institutions to needy North Carolina resident undergraduates in 1972-73 increased from 1971-72 by only about $700,000. Each $1.00 of State aid thus produced $0.70 in additional grants to students. In 1973-74, each $1.00 of State aid produced about $0.60 in additional grants to students. The State aid program, though in the form of student aid, in fact helps the institutions by allowing them to reallocate some of their own resources for other purposes than student aid. While needy North Carolina resident undergraduates are getting the equivalent of all the State aid dollars, they are getting fewer of the institutions' own aid dollars than they did

in earlier years. From 1971-72 through 1973-74, the State funds going to aid students under this program grew from $1,017,000 to $4,296,000 a year, while institutional expenditures from other sources for aid to needy North Carolina residents declined by over 50 percent, from $2,600,000 in 1971-72 to $1,180,000 in 1973-74.

Thus, although ostensibly a program of aid to students, the legislation in effect also provides institutional aid to private higher education by freeing for other purposes some or all of the funds the institutions had previously used to aid needy North Carolinians.

The appropriation for both elements of the State aid program in 1972-73 was $1,025,000, of which about $8,000 reverted to the State because the institutions were unable to find enough needy students to absorb it all. The appropriation for the second year (1973-74) was $4,600,000, of which $216,000 was never allocated to the private institutions because their North Carolina resident undergraduate enrollment fell short of the 23,000 anticipated by the General Assembly, and $88,000 was allocated to but not qualified for by the institutions because there were not enough needy North Carolina resident undergraduates to claim it. Thus, $4,296,000 of the 1973-74 funds reached North Carolina resident undergraduates; the remainder ($304,000) reverted to the State. Enrollments in the fall of 1974 justified the allocation of $4,436,200 of the $4,600,000 appropriated for 1974-75. The amount actually awarded will not be known until after June 30, 1975.

A summary of allocations to all 39 institutions, and the scholarship aid given to needy North Carolinians, for 1972-73 and 1973-74 is in Attachment 2.

The law subjects the institutions to no program control or review by the State in return for the State aid allocations made to them. The only required reports to the State on institutional finances are certificates by the recipient institution on its October 1 North Carolina resident undergraduate FTE enrollment and on the total scholarship sum granted by it to needy North Carolina resident undergraduates for that year. In addition, as shown above, the present policy is ambivalent. It is neither pure student aid nor pure institutional aid, and as such does not serve either purpose well.

Further, to the extent that the program has an institutional aid dimension, in that it permits the diverting of institutional student aid funds into other expenditure purposes, the program raises some question about its status under the establishment clause of the First Amendment. When one considers the close denominational ties at some of the institutions, as indicated earlier in this report, it may arguably be contended that State funds are, in some instances, not demonstrably non-sectarian in their use.

These attributes of inefficiency and ambiguity which characterize the State aid program authorized in Chapter 744 underscore the desirability of designing alternative approaches to the problem. Before these can be developed, it is necessary to turn, first, to an assessment of the present status of the private colleges and universities and their overall contribution to higher education in North Carolina.

IV

CONTRIBUTIONS OF THE PRIVATE COLLEGES AND UNIVERSITIES: ENROLLMENTS, PROGRAMS, AND DEGREES CONFERRED

In directing the Board of Governors to assess the contributions of the private colleges and universities, G.S. 116-11(11) provides no specific guidelines or definitions. The clear intent, however, would appear logically to be that the Board, in the exercise of its overall responsibility, determine as best it can what these institutions provide toward the realization of the stated purposes of the 1971 restructuring, i.e., "to foster the development of a well-planned and coordinated system of higher education, to improve the quality of education, to extend its benefits and to encourage an economical use of the State's resources. . . ."

A fundamental consideration, therefore, must be the number of students being served by these institutions, i.e., their enrollments, and especially their enrollments of North Carolina students. Certainly it is this consideration which is virtually the exclusive focus of the requests for State assistance that have been made by the private institutions. Further, those requests have been directed entirely to undergraduate enrollments.

For the purposes of this study, therefore, "contributions" is defined, first, in terms of enrollment. Second, since students are enrolled to pursue programs leading to a degree, the general academic program offerings of the private institutions, and the number of degrees conferred, are taken as the second component of the definition of "contributions" in this report. Finally, since a central proposition in any program of State assistance to private higher education is that the private sector adds an element of diversity that could not be realized if all institutions were public, this

report will examine the element of diversity as a contribution of the private sector.

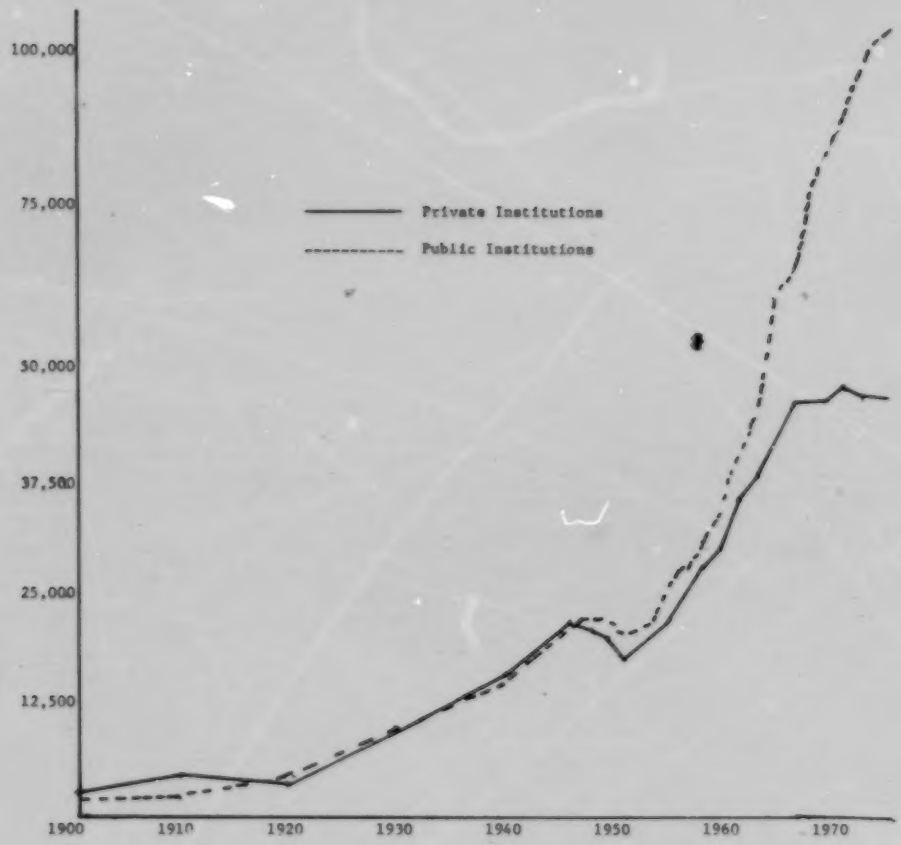
These three components do not purport to be an exhaustive definition of contributions. They are the factors which are especially pertinent to the policy issues, and to the requests of the private institutions. This chapter of the report will examine the first two components: enrollments and academic programs and degrees conferred, with special reference to undergraduate education.

Enrollment Trends

The distribution of total headcount enrollment in the late 19th Century and early 20th Century shows that the private sector educated more students than the public one during this period, and the private institutions continued to educate a majority of North Carolina's college population until the beginning of World War I. (See Figure IV-1) Between 1915 and the early 1960s enrollment was equally distributed between the two sectors. Beginning around 1963, however, the proportion of the college enrollment in the public institutions started to rise, and increased from about 55% to the current level of 70%. A sharp increase in the college "going rate" (i.e., the proportion of high school graduates attending college in North Carolina) also took place during the 1960s.

Total enrollments at the private institutions grew at roughly the same rate as those of the public sector between the early 1950s and 1963. Since 1964, however, the growth rate of the public sector has been much greater, and this differential in growth has accounted for the decrease in the percentage of enrollment found in the private institutions.

FIGURE IV-1: ENROLLMENT (HEADCOUNT) TRENDS IN NORTH CAROLINA COLLEGES AND UNIVERSITIES, BY PUBLIC AND PRIVATE INSTITUTIONS, 1900-1974



The growth in the private enrollments since the early 1960s has been due almost exclusively to the increase in out-of-State students. (See Table IV-1) Total headcount enrollment in private schools has risen from about 41,000 in 1964 to nearly 49,000 in 1974, a 20% change. During this period, total in-State enrollment (graduate and undergraduate) has grown from 24,300 to about 26,000, or 10%. Total enrollment of non-residents, however, has risen more rapidly in the past decade, from 16,600 in 1964 to 22,400 in 1974, or 35%.

In-State undergraduate enrollment increased at private schools by about 7% between 1964 and 1974, whereas non-resident enrollment grew by 37%. Since 1971, the enrollment of North Carolina undergraduates has declined by 2.8%, and enrollment of non-residents by 4.2%. (Also, one private junior college closed and another became a public community college during this time.)

Comparatively, total in-State enrollment in public institutions[1] has risen from about 43,000 in 1964 to about 95,000 in 1974, or about 120%. (See Table IV-1) Out-of-State enrollment in the public institutions has risen during that decade by about 4,000 students (to 13,000 in 1974), or about 40%. Thus, total in-State enrollment has risen quite rapidly at public institutions, while out-of-State enrollment has risen rapidly at private schools since 1964. Out-of-State students account for 44% of the undergraduates at private schools (in 1974) and for about 10% at public institutions. The proportion of non-resident enrollments has remained unchanged at private schools since 1967, but has declined by almost half at public institutions.[2]

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[1]This includes enrollment in The University of North Carolina as well as the college-parallel enrollment in the Community College system.

[2]The General Assembly took action during this period to discourage enrollment of out-of-State students in public colleges and universities.

TABLE IV-1. HEADCOUNT ENROLLMENT BY RESIDENCE STATUS IN NORTH CAROLINA COLLEGES AND UNIVERSITIES, 1964-1974

TYPE OF ENROLLMENT	PUBLIC INSTITUTIONS				PRIVATE INSTITUTIONS**			
	Total	In-State	Out-of-State	% Out-of-State	Total	In-State	Out-of-State	% Out-of-State
Total Enrollment								
Fall 1964	52,541	43,197	9,344	17.8	40,892	24,297	16,595	40.6
Fall 1965	60,922	49,364	11,558	19.0(17.8)	43,930	25,824	18,106	41.2
Fall 1966	67,065	54,193	12,872	19.2(18.4)	45,740	25,763	19,977	43.7
Fall 1967	73,708	58,840	14,868	20.2(18.8)	46,850	25,803	21,047	44.9
Fall 1968	79,076	63,328	15,748	19.9(18.1)	47,763	25,850	21,913	45.9
Fall 1969	84,427	68,576	15,851	18.8(17.6)	47,708	25,696	22,012	46.1
Fall 1970	92,597	76,557	16,040	17.3(16.2)	47,888	25,567	22,321	46.6
Fall 1971	96,371	80,802	15,569	16.2(15.1)	49,636	26,799	22,837	46.0
Fall 1972	98,407	84,299	14,108	14.3(13.6)	49,618	26,366	23,252	46.9
Fall 1973	101,378	88,758	12,620	12.4	48,883	25,842	23,041	47.1
Fall 1974	108,638	95,510	13,128	12.1	49,040	26,620	22,420	45.7
Undergraduate Enrollment								
Fall 1964	45,213*	38,114	7,099	15.7	37,115	23,049	14,066	37.9
Fall 1965	53,104	44,184	8,920	16.8(15.3)	39,744	23,869	15,875	39.9
Fall 1966	57,965	48,191	9,774	16.9(15.0)	42,130	24,516	17,614	41.8
Fall 1967	63,747	52,414	11,333	17.8(16.2)	43,147	24,584	18,563	43.0
Fall 1968	68,415	56,649	11,766	17.2(15.6)	44,176	24,635	19,541	44.2
Fall 1969	73,117	61,386	11,731	16.0(14.0)	43,804	24,308	19,496	44.5
Fall 1970	79,813	68,211	11,602	14.5(13.2)	43,988	24,257	19,731	44.8
Fall 1971	82,679	71,518	11,161	13.5(12.3)	45,445	25,360	20,085	44.2
Fall 1972	83,861	74,029	9,832	11.7(10.8)	44,922	24,764	20,158	44.9
Fall 1973	85,725	76,990	8,735	10.2	43,998	24,138	19,860	45.1
Fall 1974	91,252	82,063	9,189	10.1	43,901	24,658	19,243	43.8

NOTE: Percentages in parentheses were computed after eliminating students in military centers where more than one half of the students were out-of-State.

* Does not include 440 students at military centers.

** Data for private institutions includes enrollment in Bible colleges and Seminaries.

The preceding analysis has treated all institutions as if they were alike, making distinctions only between the public and private sectors. That methodology has many limitations and can be misleading. For this reason, the following pages will present enrollment trends among comparable types of institutions.

Comparative Enrollment Trends

There are numerous and significant differences among North Carolina institutions, both within the private sector and between the public and private sectors. One obvious difference is size. Enrollment at most four-year institutions, public and private, ranges from about 200 to 2,500, although the public four-year campuses are all above 1,100. On the other hand, Ph.D.-granting institutions have comparatively much larger enrollments of undergraduates, in addition to graduate and first professional students.

Five-year or master's-granting institutions, as discussed earlier in this study, are unique to the public sector in North Carolina. These include Appalachian State University, East Carolina University, North Carolina A & T State University, North Carolina Central University, The University of North Carolina at Charlotte, and Western Carolina University. The number of bachelor's degrees awarded annually by each of the six exceeds the total enrollment at most four-year colleges in the State.

There are also notable differences in the SAT scores, rank in high school class, and other factors of entering students between larger and smaller institutions.[3] With some significant exceptions (e.g., Davidson),

[3]See E. Alden Dunham, College of the Forgotten Americans (New York: Carnegie Commission, McGraw Hill, 1969); and The American Freshman: National Norms for Fall 1974 (Los Angeles: ACE and UCLA, 1975).

the Ph.D. and master's-granting institutions have student bodies with higher scores on SATs and other measurable academic indicators than do the smaller institutions.

In addition, there are differences between predominantly black and predominantly white colleges and between coeducational and non-coeducational schools. These are but a few of the differences which high school seniors recognize at crucial junctures in the college selection process.[4]

The same reasoning applies with stronger force to the private junior sector. That is, comparisons between Duke and St. Mary's, to take two extremes, are inappropriate. Thus, before one can say what is happening to the "market share" of the private schools, one must first define "market."

Ph.D.-Granting Institutions

At the Ph.D.-granting university level, which includes Duke, Wake Forest, North Carolina State University, The University of North Carolina at Chapel Hill and The University of North Carolina at Greensboro, the private schools' share of total enrollment has decreased from 28% to 23% between 1964 and 1974. Thus, over a decade, a slightly larger share of the total Ph.D.-granting level institutions' enrollment is being educated in the public sector at present than in 1964. But this is evidently caused in part, at least, by deliberate policy on the part of the private universities, for the number of North Carolina entering freshmen at Duke has remained around 200--or one fifth of the total--annually since about 1970 and at Wake Forest about 350 annually. At The University of North Carolina Ph.D.-granting institutions, the number of in-State freshmen has risen since 1970 by 8% in an attempt to meet the increasing demand for freshman places at these types of institutions.

[4]Others include curricular offerings, cost, and academic regulations, which are discussed in more detail elsewhere in this study.

Master's-Granting Institutions

Since the private sector in North Carolina does not have institutions comparable to the master's-granting public institutions, no comparison can be made in the enrollment growth of these institutions. It should be noted that the master's level institutions as a group have grown at a much faster rate than have the other public institutions since 1964.

Junior Colleges

College-parallel enrollment in the Community College System has risen quite rapidly since 1964, from 1,200 students to nearly 9,500 in 1974. (The Community College System in its present form was established in 1963.) Enrollment in the private junior sector has declined by 4% during the same period. Whereas 16% of the total junior college enrollment in 1964 was found in the public community colleges, by 1974 nearly two thirds of the junior college students were enrolled in the community colleges.

It would appear that it is at the junior college level that extensive movement may be taking place from the private sector to the public sector. The relationship between the community colleges and the private junior schools, therefore, deserves close scrutiny and detailed study. In particular, areas where further research is needed include differences in curricular offerings, admissions standards, and other considerations.

Baccalaureate-Level Institutions

The four-year (or bachelor's granting) institutions in North Carolina, as categorized earlier, fall into two divisions: larger four-year campuses, which enroll about 1,100 or more students, and small four-year institutions. Each of the six four-year University of North Carolina campuses has an

enrollment of around 1,100 or more students. They, therefore, belong to the "larger" category, along with 15 of the 27 private four-year campuses.

Over the last decade, the share of total four-year enrollments in the "larger" four-year private colleges has declined slightly, from 75% in 1964 to 67% in 1974. Until 1970, however, the share of these institutions was constant at about 73%. The decline in the share of the private sector has occurred since 1970. For further clarity, the above discussion is presented in the table that follows.

TABLE IV-2. ENROLLMENT TRENDS OF LARGER FOUR-YEAR (OR BACHELOR'S GRANTING) INSTITUTIONS IN NORTH CAROLINA, 1964 TO 1974

Year	UNC[1]	Private[2]	Total	UNC %
1964	5,754	17,364	23,118	25
1967	6,847	19,395	26,242	26
1969	7,512	20,040	27,552	27
1970	8,610	20,409	29,019	30
1972	9,861	21,573	31,434	31
1974	10,917	21,839	32,756	33

[1]UNC totals include Elizabeth City State University, Fayetteville State University, Pembroke State University, UNC-Asheville, UNC-Wilmington, and Winston-Salem State University.

[2]Private totals include the 15 institutions listed in Category 4, Table II-2, page 9.

Of the approximately 23,000 undergraduates (in-State and out-of-State) enrolled in "larger" four-year colleges in 1964, some 17,000 (75%) were in the private institutions. Half a decade later, roughly the same proportion was found in the private schools. Between 1970 and 1974, public four-year enrollment grew from 8,600 to about 10,900, or 2,300 students, while "larger"

private four-year enrollment grew from 20,400 to 21,800, or 1,400 students. The share of "larger" private baccalaureate institutions therefore declined from about 70% in 1970 to 67% in 1974, even as their enrollment increased.

The second category of bachelor's-granting institutions includes the remaining twelve four-year private colleges and no equivalent University of North Carolina campuses. This group of small private campuses has experienced a decline of about 8% in total enrollment since 1970 (recall that the larger private four-year schools enjoyed an increase of 7% during this period). Over the last decade, these campuses have lost 75 students, as total enrollments declined from 6,776 in 1964 to 6,701 in 1974.

The implications of these trends deserve further analysis. The "larger" private four-year institutions, until quite recently, have held their share of "larger" four-year college enrollments. They still continue to educate over two thirds of that enrollment, a proportion only slightly less than in 1964. This is true despite the fact that some private institutions (e.g., Davidson) have voluntarily chosen to remain small in terms of enrollment. In 1962, norwithstanding rapid projected increases in the college-age population of the State, certain private institutions chose to "limit the size of their student bodies as a matter of deliberate educational policy."[5] A survey of the enrollment plans of public and private colleges made in 1962 by the Board of Higher Education revealed that private institutions expected "to accommodate only 11,250 more students [by 1970] than the 35,100 they enrolled [in 1961]."[6] The 1962 report to Governor Sanford concluded that "the public institutions must be prepared to accept about 60% of the State's

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[5] Education Beyond the High School (Raleigh: The Report of The Governor's Commission, 1962), p. 34.

[6] Ibid.

college students by 1970."[7] The State did not seek to discourage growth in the private sector. That was the consequence of choices made by the institutions and their potential students. The projected limited enrollment growth for the private sector was realized, and without the expansion which took place in the public sector many thousands of North Carolina residents would have had to seek their higher education in other states or would have gone unschooled.

Since 1964, moreover, some senior private institutions have either lost enrollment or remained stable while others have shown considerable gains. One clear pattern that emerges from scrutiny of the differential growth trends is that the smaller private institutions are the ones losing enrollment. A list of those colleges that in 1974 had approximately the same number of students as in 1964 or a smaller number would be made up chiefly of the relatively small colleges with few full-time faculty members.

There are, in addition, examples of "steady states" (or actual declines) in terms of enrollment among the baccalaureate institutions of The University of North Carolina. While overall headcount enrollment at the 16 University of North Carolina campuses increased by over 7% between 1973 and 1974, it fell or remained relatively unchanged at Pembroke State University and The University of North Carolina at Asheville. In addition, Elizabeth City State University now has only about 150 more students than it did four years ago. This leaves Fayetteville State University, Winston-Salem State University and The University of North Carolina at Wilmington among the public four-year schools as the "gainers" in enrollment. A large part of the growth in these three schools can be explained by their geographic locations and aggressive recruiting efforts. But even for Fayetteville State University and Winston-Salem State University, there are indications of slowing or declining enrollment growth in the near future. And The University

[7] Ibid.

of North Carolina at Wilmington, which enrolls students mainly from the Wilmington area, will likely be influenced by the declining demographic trends expected in that part of the State during the rest of the 1970s.[8]

It should also be noted that the "market share" of black private institutions has remained unchanged between 1970 and 1974. That is, if the enrollment for predominantly black private senior institutions is added to that of the black public institutions, it can be seen that the ratio of black private senior institutional enrollment to total black institutional enrollment has remained constant at around .33.

Conclusions on Enrollment Trends

It would thus appear that, when comparable institutions are considered, the enrollment trends appear in a different light. What has at times been represented simply as an enrollment shift between the private senior and the public senior colleges and universities of the State can more correctly be characterized as a shift from smaller institutions to larger ones in both public and private sectors of higher education in North Carolina. There is also the significant shift from private junior institutions to public community colleges, which this report does not analyze due to limitations of time and, primarily, lack of data.

It is not at all clear, therefore, that the private four-year schools are doing comparatively worse than their public counterparts, especially when one compares the larger private institutions with the six public four-year campuses. Rather, the congruence of factors such as the end of the military draft, recession and inflation, and changing labor market conditions has resulted in changing patterns of student attendance away from

[8]High school graduating classes in the Wilmington area are expected to follow the same downward patterns of other larger cities in the State. See Survey of 1973 High School Graduates (N. C. Department of Public Instruction, Raleigh, N. C., 1974), Table 9, p. 24.

smaller, predominantly teacher education colleges toward larger and more diversified colleges. And this phenomenon is not unique to the private schools. Subsequent sections of this report will amplify and add to the foregoing analysis.

In addition, undergraduate enrollments in the private sector have been on the aggregate stable (i.e., no growth or decline) since the beginning of the State aid program. This apparent stability, however, is due to an increase of nearly one fifth in the enrollment of predominantly black private schools and not to any particularly stable enrollment picture among the white private colleges during the 1970s.

Academic Programs and Degrees Conferred

The student's selection of a college or university is influenced by many factors. These include academic programs and career aspirations, costs, location, parents' influence, personal considerations, and others. The basic objective in attending an institution of higher education, whatever the basis for the choice of a particular institution, is to pursue some course of study leading to a degree. A key element in any assessment of the contributions of the private institutions, therefore, is to be found in the academic programs of study which they provide and the degrees which they confer. The fact that such data are specific and concrete should not obscure the fact that they are subject to many limitations in assessing any institution of higher education, or any group of institutions. Higher education is not a manufacturing enterprise, whose relative success or failure is reflected in some headcount of degrees conferred, as if such degrees were the analogue of the count of the units of a commodity produced by an industrial or an agricultural enterprise.

There is no really reliable means whereby the "value" of education to an individual, or to society, can be definitively measured.

Further, it should be noted that an institution of higher education may produce other kinds of benefits to society, which are directly related to its academic endeavor but which are more or less subject to some kind of quantification. A large university makes a major contribution in research, sometimes in contributing to advances in basic knowledge and sometimes in new applications of knowledge to the solution or control of societal problems. Institutions of higher education may also make important contributions in public service activities. Wake Forest University, for example, makes a significant contribution to North Carolina through the health care services provided in association with the teaching and research programs of its Bowman Gray School of Medicine. Institutions will also contribute to the enrichment of the cultural and intellectual life of their communities.

Acknowledging--and, indeed, emphasizing--these other considerations, it remains true that an assessment of an institution must look at its degree program offerings, and that the primary and most visible "product" of a college or university is its graduates.

The private institutions' contribution, in terms of degrees conferred in recent years can be summarized as follows: Between July, 1970, and July, 1974, the senior institutions conferred 30,524 bachelor's degrees, 1,930 master's, 1,810 first professional, and 898 doctoral degrees. The junior institutions conferred 6,887 associate degrees which were wholly or largely creditable toward a bachelor's degree.

In its Statewide Plan for the Expansion of Medical Education, the Board of Governors has carefully analyzed the contributions of the two private medical schools in meeting the State's need for additional physicians and in

expanding medical education opportunities for its citizens. The Plan contains a long-range program for payments to those institutions for the enrollment of increased numbers of North Carolina students, and for the institutions' participation in the Area Health Education Centers.

In its recently completed study of legal education needs, the Board's recognition of the contributions of the Duke and Wake Forest law schools was a factor in its conclusion that there is, at this time, no sufficient reason to establish another publicly-supported law school.

The request for State assistance from the private institutions is directed, as discussed above, at increasing undergraduate enrollments. It is in this area, therefore, that this discussion will concentrate.

Attachment 3 to this study reports the undergraduate degree programs of the private institutions, as published by those institutions. The emphasis upon liberal arts and sciences and upon teacher education is evident. If Duke, Wake Forest and Davidson are excepted, this attribute is more pronounced. Thus, in the arts and sciences and in education, the private senior institutions generally parallel the campuses of The University in basic program areas offered. In specialized, more directly professionally-oriented degree programs, such as health professions or engineering, the programs tend to be confined to campuses of The University or to a very limited number of private institutions. An important point to reiterate here, however, is that data concerning degrees conferred are not reported by residence status of the graduates. The numbers of degrees are presumably consistent with the proportion of resident and non-resident enrollments, and in-State students tend to be a significantly smaller proportion of total enrollment at the more diversified private institutions.

Another representation of total bachelor's and associate degrees conferred by the private institutions is in the table that follows, comparing 1970-71 and 1973-74.

As will be noted, since 1970-71, the number of bachelor's degrees awarded by those private institutions has risen 8.3% from 7,353 in 1970-71 to 7,964 in 1973-74. Moreover, the rates of change in numbers of degrees conferred ranges widely among institutions. Sixteen of the 29 private senior colleges showed increases over this time period in the number of degrees conferred, while 13 showed either stable or decreasing numbers.

The number of associate degrees conferred by private junior institutions declined by 3% from 1,668 in 1970-71 to 1,618 in 1973-74. Six of the ten colleges either increased or remained stable in the number of degrees awarded.

Since 1970-71, the number of bachelor's degrees awarded by the campuses of The University of North Carolina has increased by nearly 20% to 14,900 in 1973-74. Of this number, 13.2% were conferred by the four-year campuses (not counting The School of the Arts), 44.5% by the master's level campuses, and 41.9% by the doctoral institutions. The community colleges conferred 38.9% more associate degrees in 1973-74 than in 1970-71.

It will be noted that there has been a change in the distribution of degrees conferred upon men and upon women, at the private colleges. (The same trend is found at the public four-year campuses.) One reason for this change may be that women are giving increasing attention to career opportunities in planning their educational programs. This consideration is related to the emphasis upon teacher education in the programs of many of these institutions. Changing demographic trends are having a predictable effect upon the teacher education labor market. Public school enrollments

TABLE IV-3. BACHELOR'S DEGREES CONFERRED BY PRIVATE UNIVERSITIES AND SENIOR COLLEGES, 1970-1971 AND 1973-1974

Senior Colleges	1970-1971 Men	1970-1971 Total	1973-1974 Men	1973-1974 Total	% Change Total
Atlantic Christian	214	404	225	401	- 0.7
Barber-Scotia	21	112	24	78	- 30.4
Belmont Abbey	148	154	117	122	- 20.8
Bennett	0	156	0	72	- 53.8
Campbell	378	583	429	616	5.7
Catawba	122	229	148	268	17.0
Davidson	241	241	234	248	2.9
Duke	643	1,065	814	1,415	32.9
Elon	228	321	228	341	6.2
Gardner-Webb	173	242	214	314	29.8
Greensboro	29	124	57	140	12.9
Guilford	137	222	174	252	13.5
High Point	133	249	128	241	- 3.2
J. C. Smith	85	218	97	185	- 15.1
Lenoir Rhyne	152	323	145	319	- 1.2
Livingstone	62	185	83	154	- 16.8
Mars Hill	157	285	173	367	28.8
Meredith	0	216	0	293	35.6
Methodist	84	186	139	192	3.2
N. C. Wesleyan	80	136	99	158	16.2
Pfeiffer	109	179	139	226	26.3
Queens	0	127	0	118	- 7.1
Sacred Heart	0	79	0	54	- 31.6
St. Andrews	92	174	75	137	- 21.3
St. Augustine's	87	203	79	200	- 1.5
Salem	0	82	0	108	31.7
Shaw	102	232	126	267	15.1
Wake Forest	394	550	415	631	14.7
Warren Wilson	34	76	22	47	- 38.2
TOTAL	3,905	7,353	4,384	7,964	8.3%

ASSOCIATE DEGREES* CONFERRED BY PRIVATE JUNIOR INSTITUTIONS

Junior Colleges	1970-1971 Men	1970-1971 Total	1973-1974 Men	1973-1974 Total	% Change Total
Brevard	70	120	62	117	- 2.5
Chowan	152	208	135	209	0.5
Kittrell	34	61	36	88	44.3
Lees-McRae	85	120	100	163	35.8
Louisburg	109	185	87	150	- 18.9
Montreat-Anderson	59	99	52	93	- 6.1
Mt. Olive	47	93	30	73	- 21.5
Peace College	0	167	0	192	15.0
St. Mary's	0	123	0	133	8.1
Wingate	339	492	263	400	- 18.7
TOTAL	895	1,668	765	1,618	- 3.0

*Wholly or chiefly creditable toward a bachelor's degree.

Source: HEGIS reports submitted by individual campuses.

(elementary and secondary) peaked about 1969 and have been declining since in North Carolina and across the nation. These and other trends appear to have had a significant effect on career preference choices of college students. These effects are indicated in the survey data reported below.

TABLE IV-4. CAREER GOALS OF COLLEGE FRESHMEN, FALL 1968 AND 1973
(Selected Occupations)

	Probable Career Occupations (Percent of all Freshmen)			
	Fall 1968		Fall 1973	
Career	Men	Women	Men	Women
College Teacher	1.3	0.9	0.9	1.0
School Teacher	12.7	37.5	4.1	14.1
Lawyer	5.5	0.6	6.7	2.5
Health Professional	2.8	5.7	5.4	11.6
Nurse	0.3	6.1	0.3	9.2
Business	17.5	3.3	19.0	13.4
Farmer, Forester	2.9	0.1	4.9	1.0
Doctor (M.D., D.D.S)	5.6	1.3	8.1	3.4
Research Scientist	3.8	1.7	3.7	2.4
Homemaker	---	3.1	---	0.7

Source: Alexander W. Astin, et al., The American Freshman: National Norms for Fall 1973 (and Fall 1968) (Los Angeles: ACE and UCLA, 1974).

(NOTE: Freshmen from about half of the private institutions in North Carolina participated in this survey.)

As can be seen, programs for the preparation of teachers in elementary and secondary schools ("school teaching") have declined drastically in popularity among college freshmen, both males and females. Whereas nearly 40% of female freshmen stated in 1968 that school teaching was their preferred career, by 1973 only 14% so indicated. The same pattern is exhibited in choices of a college major, as more students are choosing curricula preparing them for careers in the health professions, law and science, and fewer are opting for education in liberal arts.

Further evidence of student reaction on the national level is depicted by trends in the types of bachelor's degrees conferred. While the annual growth rate for all bachelor's degrees awarded has been around 6% for the last few years, with no sign of abating, bachelor's degrees awarded in teaching training areas (elementary and secondary) have been declining since 1971.[9]

Manpower requirements forecasting is an inexact art, at best. Moreover, a logical case can be made that a strong undergraduate education in the liberal arts and sciences is an even more "relevant" form of career preparation in today's situation than it was in the past. Further, student preferences for the undergraduate majors are always subject to change. But with all these caveats acknowledged, the possible implications of these trends must be taken into account.

These implications are pertinent for public and private institutions. To the extent an institution specializes in traditional teacher education programs and in the fine arts and liberal arts with emphasis upon secondary education, an institution may have greater difficulty in maintaining or

[9]See A. H. Padilla, The Market for Teachers in the Nation and the Southern Region (Atlanta: Southern Regional Education Board, 1975).

increasing its enrollment because it will be limited in the program options it can provide to students. Larger institutions with more diversified programs will tend to have less difficulty in dealing with such problems because their size and greater resources may provide them with greater flexibility in adapting to such changes. Some consideration of faculty staffing patterns in the private institutions will provide a further perspective on this point.

From 1970 to 1973 (and excluding Livingstone College and Wake Forest University, from which data were not available in 1970), the number of full-time faculty members at the private senior institutions increased 3% from 2,860 to 2,946, as reported on HEGIS forms. It should be noted, however, that some 40% of this number are at Duke. Excluding Duke, therefore, the average number of full-time faculty at each institution is about 60, and nearly half of the private senior colleges had 60 or fewer full-time faculty members in 1973. These staffing patterns suggest limitations upon the ability of many institutions to diversify programs across fields or within the arts and sciences disciplines. In this connection, it should be reiterated that enrollments increased by more than 8% over the last four years at the private institutions with relatively larger numbers of faculty members, while enrollments declined by about 7% at the 13 institutions reporting 60 or fewer full-time faculty members.

Some important points in this discussion of enrollments and degree programs need to be restated. First, the public institutions, as a group, are more diversified in the range of their program offerings than the private institutions as a group. Most of the private senior institutions are liberal arts and/or teacher education institutions in their program emphasis. The public sector provides this emphasis in many of its

institutions, but it provides more types of programs in other areas and its institutions are larger.

As mentioned earlier, a strong case can be made that a good undergraduate education in the liberal arts and sciences may be the most "practical" course a student can elect, if his interests so suggest, not only in the sense of becoming a well educated person but also in the sense of being better prepared to enter a rapidly changing career marketplace.

There is, however, evidence that a phenomenon not unlike the rural-urban shift in American society is occurring in higher education. The small institution may offer some values that are not found at the larger institution, and the small institution more often is a private one. But the small institution is more restricted in the range of courses and curricula it can offer, both in the traditional curricula and in other areas. It may offer a more personalized environment for learning, but that environment is less diverse--academically and socially--than that of the larger institution. There are also economies of scale involved in curricular offerings which are not attainable by the smaller institution.

The program offerings, degrees conferred and undergraduate enrollments are incomplete but very important indicators of the contributions of colleges and universities. The data presented in this chapter indicate that the smaller private college, with the traditional emphasis in its curriculum upon limited liberal arts and teacher education programs, may have difficulty in maintaining a sufficient level of enrollment, and, further, that the reasons for this difficulty are more complex than student costs.

These considerations lead to another aspect of the contributions of the private colleges and universities--the proposition that higher education and society at large benefit from the diversity produced by having a dual system. The report now turns to this matter.

V

CONTRIBUTIONS OF PRIVATE COLLEGES AND UNIVERSITIES: THE DUAL SYSTEM

The great majority of the states of the Union today provide some form of aid to private higher education. The responses of the states have varied, and necessarily so, because their situations are different. Some, like Massachusetts, have only in quite recent times placed emphasis upon the development of strong public institutions. North Carolina, on the other hand, has made provision for a state university since the State declared its independence, and The University of North Carolina at Chapel Hill was the first state university in the nation to open. As a recent Education Commission of the States paper points out, "There is not, and should not be, a single problem or a single answer in the area of state aid to private higher education." Each state, it noted, must develop its own answer in the light of its history, traditions, and special problems.

All programs of state aid do, however, have in common at least one principle. They are predicated to some greater or lesser degree upon the proposition that a dual system--public and private--strengthens all of higher education by making possible the existence of two kinds of institutions, complementary to one another and providing educational alternatives that might not exist if only one type of institution were available.

This is a concept difficult to define or to measure in precise terms in any given situation. As our earlier discussion has shown, there is great similarity in many areas between the public and private sectors in North Carolina. The curricula and program offerings are similar. There is a higher proportion of institutions in the private sector which

concentrate on the liberal arts and/or teacher education, but these programs are available in all but one of the public institutions. Complex institutions with large graduate and post-baccalaureate professional programs exist in both sectors. Predominantly black and predominantly white institutions exist in both sectors, but The University of North Carolina is required by law to take steps to eliminate racial duality in public higher education.

The master's level institutions, on the other hand, are unique to the public sector, and specialized professional programs tend to be in the public sector. The North Carolina School of the Arts, a public institution, is unique and has no counterpart among the private institutions. The woman's college, on the other hand, is uniquely found in the private sector. Further, the smaller colleges are all private institutions, as noted. The smallest of the public four-year institutions is The University of North Carolina at Asheville, which had a fall, 1974, enrollment of 1,126 (headcount). Among the private senior colleges, fifteen enrolled fewer than this and thirteen had fewer than 1,000.

The dual system clearly provides diversity in the religious affiliations of the private institutions and their stated commitments to the Christian faith as a part of their educational objectives. That objective may also shape a part of their academic program. One institution has had a required program in "Christianity and Culture" that includes eight courses in the undergraduate curriculum. This is illustrative of the importance of the churches in the founding and the development of virtually all of these institutions. The objective of Christian education, reflected in statements of mission and in curricular requirements, was the basis upon

which they were founded and the basis upon which they continue to receive support from their denominations.

These relationships with church denominations have been generally described in an earlier chapter. It is clear that these relationships, and their concomitant commitments, are by definition confined to the private sector. This is a kind of diversity which must depend upon private support.

The dual system also provides diversity in the geographical origin of students. Six of the campuses of The University have formal quotas upon the proportion of out-of-State students in their entering classes. All of the campuses recognize their mission and obligations as giving priority to serving North Carolina students. Thus, almost 90% of the undergraduates enrolled at campuses of The University are North Carolinians, compared with approximately 35% of the undergraduates in the private institutions. At some of the private institutions, North Carolinians comprise approximately one fifth or one third of the enrollment.

In the area of governance there are marked differences. The Board of Governors of The University of North Carolina is elected by and accountable to the General Assembly. The private institutions have different denominational sponsorships and methods of control, with some trustees generally chosen by the appropriate denominational organizations and from members of the respective denomination. By their very nature, these institutions, while contributing in many ways to the State, are not accountable to the public at large except in certain specific contractual relationships. Further, they are not subject to direct State intervention and regulation, except that there is a licensure requirement for those founded since 1923. All are chartered by the State, but this entails no regulating control.

This independence of State control is a major consideration in the case for diversity.

Because they are independent of State control, the private sector may provide a form of checks and balances in higher education. The recent report of the special task force of the National Council of Independent Colleges and Universities puts it this way:

> The private sector of higher education serves as a counterweight to the public sector and provides useful checks and balances. Its existence diffuses responsibility for higher education, which would otherwise be a sole prerogative of government.[1]

This proposition is two-edged. Public institutions may be subject to political pressures which impede their educational programs. The celebrated "speaker ban" controversy in North Carolina in the 1960s is a case in point. Private institutions, on the other hand, may be subject to sectarian pressures which work to the detriment of their educational freedom. Examples of such pressures are the controversies in North Carolina in the 1920s concerning the teaching of the theory of evolution. Additionally, with reference to the public institutions, it should be said that there is a salutary form of political influence operative which is basic to the accountability of these institutions. Because they are subject to public control, they are responsive to public need.

The extent to which diversity is generated by the existence of a dual system is more difficult to articulate than is the reporting of enrollment trends and degrees conferred. Moreover, one specific manifestation of their diversity--religious affiliations--is one that must lie beyond the purview of State support or involvement. But if diversity generally is a somewhat intangible contribution, it is an important one. Logic, experience

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[1] A National Policy for Private Higher Education (Washington: Association of American Colleges, 1974), p. 10.

and long tradition indicate that higher education in North Carolina, and in the nation, is strengthened by the existence of strong public and private institutions. Each sector makes its distinctive contribution, and either would be diminished by the absence of the other.

The diversity arising from a dual system is thus dependent upon the maintenance of the private sector as private. If there is to be proportionality in State support to private institutions based on the State support of its own institutions, the clear prospect is for a proportionality in State regulation or intervention. If private independence is a virtue, then heavy private dependence upon direct public aid must compromise that virtue.

VI

THE NEEDS OF THE PRIVATE INSTITUTIONS

Need is a relative concept, and to ascertain with any precision the "need" of a particular institution requires access to its records and an ability to compare findings with those made in studying other institutions. To ascertain or define need, therefore, a detailed survey would be desirable, and it should be supplemented by access to financial statements, budgets and audits. Moreover, site visits to the individual campuses for discussions with institutional officers would permit a better grasp of the institutions' situation.

It was not feasible to explore this matter in such detail. The private institutions have described their needs entirely in terms of money. This assessment of need is based, insofar as institutional records are concerned, upon the data made available by the institutions routinely in the HEGIS reports. These data are useful and instructive for many purposes, but they are also subject to serious limitations.

The problems associated with the HEGIS forms need not be belabored. It is useful, however, to note this comment by the authors of the 1971 BHE study of private higher education concerning the financial statistics of the private institutions:

> Conversations with executive officers of the private institutions indicated that there are more true deficits among them than the budgets show. Accounting procedures may be both honest and conceal deficits. An institution may have accumulated some reserves from earlier small surpluses; subsequent depletion of those reserves may not be considered a deficit in its accounts. Another may have received a fund untouchable during a specified

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> period except for income from it; after the period, the institution may use that fund to pay costs exceeding revenues and not record a deficit. Another may use for operations beyond revenues cash gifts toward a building not yet constructed; in actuality it has run a deficit and borrowed from itself, but its audit will not show a deficit. With these and similar practices counted, well over half the private institutions in North Carolina are operating at deficits. In accordance with accounting guidelines established by the American Council on Education and other associations, none of the private institutions depreciate their facilities.[1]

Any difference between current funds revenues and expenditures found in the HEGIS form may or may not, therefore, be particularly important in determining the financial health of a private institution. And, as is indicated above, the certified audit alone may not prove helpful.

For all the shortcomings of the HEGIS data, however, it is important to note that there was a close relationship between that data for 1971 and the data collected by more direct means in the Board of Higher Education study of 1971. Most of the institutions identified in the BHE study as operating with deficits in 1970-71 also showed deficits in the HEGIS reports. The magnitudes of the deficits reported in both sources were also approximately the same.

Rather than dwelling further here upon institutional data, or the lack thereof, however, it will be useful to address the question of the needs of the private colleges and universities by exploring the question in a larger context.

First, there is no evidence discernible of any sudden crisis or drastic change in the condition of the private sector as a whole which would have prompted the request made for so rapid an acceleration in State aid as that requested in September, 1974. Undoubtedly some institutions, facing repeated deficits, are encountering increasingly serious problems, but the

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[1] Private Higher Education in North Carolina, p. 34.

form of the aid request is not one related to the need of any particular institution or group of institutions.

Second, it seems clear that a pervasive problem in the private sector is one associated with economies of scale. Each institution is different, but there are convincing national data which are pertinent to this situation. The Carnegie Commission studies have found that, for liberal arts colleges, costs of operation per student decline sharply as the institution grows to about 900 FTEs (or 1,000 headcount), and continues to decline at a less rapid rate until enrollment reaches about 2,000 FTEs. The Commission's studies point to the existence of a "minimum size below which each type of institution cannot operate economically, unless it is exceptionally well endowed, and even then it may not be in a position to offer its students as broad a range of courses as somewhat larger institutions are in a position to provide."[2]

There are, it will be recalled, among the 29 private senior institutions in North Carolina, 13 with a headcount enrollment of less than 1,000 students. (Eight of ten private junior colleges have fewer than 1,000 students.) Over half of the private schools, therefore, are institutions which, in the words of the Commission report, are running "the risk of failing to take advantage of economies of size and/or of not offering their students an adequate choice of programs" by not meeting minimum enrollment levels.[3] And they are not institutions which are "exceptionally well endowed."

Financial need in the private sector, in the general sense, is also obviously related to a set of problems which are common to public and to

[2]See the discussion in the Commission's report New Students and New Places (New York: McGraw Hill, 1971), pp. 65-86.

[3]Ibid., p. 82.

private institutions. Both kinds of institutions have operating budgets which substantially depend on enrollments, and the demographic trends generally indicate that the era of rapid increases in enrollment has ended. The size of the 18-21 year-old age group in North Carolina will reach an all-time high in 1975 at 445,700. By 1995 that population group is projected to decline to 376,000. Even when the fact that North Carolina's "going rate" of college students is significantly below the national average is taken into account, there is still reason to believe that the rate of enrollment increase will stabilize or even decline, and this will affect all of higher education.

Private institutions have undoubtedly suffered from the effects of the unprecedented inflation which the country has been experiencing, and the cost-income differential which it produces. Fuel prices, the price of supplies, and operating costs generally have risen sharply. And here, also, the smaller institutions with high operating costs per student are particularly vulnerable. This is true for public and private institutions.

The private colleges and universities did not wish to make available their financial reports as a basis for an assessment of their need. They felt this compromised their privacy. They did offer to meet with University representatives on their campuses and to respond there to questions put to them, but time did not permit this.

Further, limitations on institutional data previously noted did not permit an assessment of needs that cannot be defined in financial terms. Reference can again be made to the recommendations of the BHE study of 1971, for example, that the institutions redirect their development activities toward meeting needs for faculty salaries, student aid, and

other operational items, instead of building programs. A comprehensive needs analysis would thus extend beyond finances.

The analysis it has been possible to make does indicate that there probably is financial need and that it is unevenly distributed. Much of that need, and possibly other kinds of need as well, arises from inherent problems with which only the private institutions, their governing boards and their sponsoring denominations can contend.

VII

CONCLUSIONS AND RECOMMENDATIONS

This report has discussed the contributions of the private institutions, it has acknowledged that there are financial needs in the private sector, and it has affirmed the benefits of a dual system of higher education. The report has also discussed the present State aid program, as provided for in Chapter 744, Session Laws of 1971. The questions to be answered are: What course of action should the Board of Governors recommend that the State follow with respect to aid to private higher education? Should aid be given? If it should be given, in what form should it be provided and subject to what regulations?

Since 1972 an aid plan has been in operation and in successive budget requests the Board of Governors has recommended continuation of the aid at some level of funding. More than $10,000,000 has been appropriated to carry out the program. Its effects cannot be precisely determined, for, while it has certainly brought about no significant increase in private enrollments, no private institution has closed since 1972.

The present aid program, as described in an earlier chapter of this report, has notable shortcomings. Further, the shortcomings of the September 4 proposal of the private institutions are even more pronounced.

That proposal poses as an alternative that the State establish a support pattern for private higher education which is parallel to that which it provides for the State's own institutions. That is, tuition differential grants would be provided for every full-time North Carolina undergraduate enrolled in the 39 private colleges and universities without reference to the students' needs, and enabling legislation would establish

a principle of proportionality in the support of private higher education. The across-the-board tuition grant is also recommended in the recent report of the National Council of Independent Colleges and Universities.[1] Basically, such proposals are defective in two respects.

In the first place, the argument being put forward in these proposals is that considerations of economy favor the enrollment of that indeterminate number of students who would choose a private in lieu of a public institution if there were no tuition differences between the two. In order to assure that the number of students would be the highest possible--and thus the "saving" be at the maximum--State aid would be afforded on behalf of every North Carolina resident enrolled in the private sector. The point can be illustrated in this way.

Suppose for the sake of argument that $400 were paid for every North Carolina undergraduate enrolled in a private college or university. Suppose further that 3,000 additional students then enrolled in the private sector, beyond the current 22,000. Thus, enrollment of North Carolinians in the private sector would be 25,000 FTE students. The cost would not be $400 times 3,000 (the number of additional students), or $1,200,000. Rather, the cost would be 25,000 times $400, or $10,000,000, since the request calls for $400 for every FTE North Carolina undergraduate enrolled. The result is that, because payment would be made for the original 22,000 (who are already in the private schools in any event), the cost of attracting the additional 3,000 students would be about $3,300 per student (i.e., $10,000,000 ÷ 3,000).

The more fundamental issue raised by these proposals, however, is in the proposition of proportional State support of private higher education.

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[1] A National Policy for Private Higher Education (Washington: Association of American Colleges, 1974).

The relationship of the State to its own institutions is fundamentally different from its relationship to private institutions, by definition and by law. The issuance of a state charter imposes on the State no greater responsibility, and no greater regulatory authority, than does the chartering of an ordinary business corporation. Should the State provide the private institutions with proportional support, then proportionality in accountability and control is no less reasonable.

If there is to be some proportionality of State support to the institutions as a subsidy to their operating budgets, what accountability would the private institutions have? What assurances would there be that the State funds--or institutional funds released by substitution of State funds--were not used to finance unnecessary programs, or to support activities which are sectarian in nature? The request of the private institutions does not speak to these issues, but they cannot be overlooked. In the absence of a variety of State controls, including program review and approval, the principle of proportionality clearly should be unacceptable to the State. If, on the other hand, State regulation follows State funding, the private and independent nature of the institutions is compromised.

Fortunately, however, the problem which the private institutions have identified is one which the State can assist in meeting, and without changing the nature of the private institutions. As this report has suggested, the problem appears, in fact, to be more far reaching than the spokesmen of private higher education have represented it to be. If this is the case, however, the institutions and their governing boards and sponsoring denominations have the primary responsibility to decide what should be done to safeguard the private institutions they control.

The problem as stated by the private institutions is put this way in the September 4 request:

> In summary and conclusion the differential between tuition costs to students attending public and private higher educational institutions is basically responsible for the problem of declining enrollment in the private sector.

This was repeated in the statement made to the Board's Finance and Planning Committees on November 8, 1974, in calling for an "alternative program." The private institutions asked on that occasion that there be "significant tuition aid" to close that cost differential for students who wish to attend the private institutions.

Accordingly, it is proposed that the Board of Governors recommend to the General Assembly a policy which responds to that defined need. Such a policy would be governed by four principles of fundamental importance:

First, it is recognized that higher education is strengthened by the existence of a dual system of strong public and private institutions.

Second, to maintain the strength that is derived by this dual system, it is essential that State policy be designed to maintain the independent status of the private institutions. This is necessary not only to foster diversity, but also to insure that policy is consistent with the Constitutional requirements of separation of church and state.

Third, it should be the policy of the State to encourage freedom of student choice so long as the more basic objective of student access is not impaired.

Fourth, and consistent with the foregoing, State policy toward private higher education should be one that unequivocally upholds the constitutional principle of low tuition for North Carolina students attending their State institutions. Article IX, Section 9, of the North Carolina Constitution provides as follows:

> The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.

The ideal of free tuition has never been realized. Any compromise of the present policy of low public tuition, however, would raise barriers to student access to higher education and would work against the interests of the State.

These principles, and the foregoing analysis, lead to the conclusion that State policy toward private higher education should be a program of State tuition assistance grants, based on student need, to the individual students who wish to attend private institutions but who are deterred from doing so because of the tuition differential. It is proposed, therefore, that a North Carolina Tuition Assistance Grant program be recommended by the Board of Governors to the General Assembly. The proposed program is described below, with alternative administrative mechanisms and alternative approaches to the determination of the amounts of individual grants.

The North Carolina Tuition Assistance Grant Program

It is recommended that there be established a Tuition Assistance Grant program to provide for direct State grants of up to $1,300 to North Carolina residents enrolled as full-time undergraduate students in college degree or college parallel programs in accredited private colleges and universities in North Carolina. The program would allow for varying levels of awards depending upon the student's economic circumstances and the type of institution he attends. The remainder of this report will outline the major characteristics of the proposed program. It will describe the requirements

for eligibility, the basis for the determination of the amount of the grants, and alternative administrative procedures. Alternative funding levels are also indicated, as are the assumptions on which the estimated costs are based. Interim financing and procedures for the transition from the current program under Chapter 744 are also suggested for a change to a centrally administered program.

The recommended Tuition Assistance Grant program would be periodically reviewed and evaluated by the Board of Governors, in the light of experience gained in its operation, future developments in federal student financial aid policy, and other considerations. Moreover, while it is anticipated that this program, as contemplated, would not impede the further elimination of racial duality in public post-secondary education, racial impact studies would be a component of the Board's review and evaluation.

ADMINISTRATIVE PROCEDURE (A): CENTRAL ADMINISTRATION

1. The Tuition Assistance Grant program would be funded through the Board of Governors and administered by an agency under contract with the Board. Under such an arrangement:
   a. Individual students would make application.
   b. The grants would be made to freshman students only, except that any student who meets the needs requirement and who is already enrolled would be eligible, provided the student was a North Carolina resident at the time he first enrolled in a North Carolina college or university.
   c. The student would reapply each year.

d. In determining parental income, any change in the status of a student with regard to the persons responsible for his support occurring after the application deadline would not be considered in determining the amount of the tuition grant award for the immediately ensuing academic year.

e. Maximum awards would be based on average tuition differentials between comparable institutions in the public and private sectors and maximum awards would be defined as follows:

(1) For students attending private two-year institutions: $1,100

(2) For students attending private senior institutions: $1,300

(3) Minimum award level: $100

f. Tuition grants would be awarded on the basis of the most needy first, and first come - first served, with a specified application deadline; except that, beginning in the second year of the program and thereafter, a student who had received a grant in the previous year, who makes timely application for renewal, and who continues to qualify, would have priority.

g. The tuition grant would not exceed the tuition charged by the institution.

h. The administering agency would notify each recipient of the North Carolina Tuition Assistance Grant Award, and the funds would be paid to the institution which the student is attending.

2. <u>Eligibility for participation in the Tuition Assistance Grant program would be determined as follows</u>:

a. The student must have applied for participation in the federal Basic Educational Opportunity Grant or comparable program.

b. The student must be a North Carolina resident under uniformly established tuition residency regulations.

c. The student must be enrolled in a private college or university in North Carolina which is accredited by the Southern Association of Colleges and Schools.

d. The student must be an undergraduate enrolled full-time as a degree candidate in a college parallel program, in good standing in the institution. No student shall be eligible for more than 8 semesters (or equivalent).

e. The student must be determined in need of financial assistance by application of a common policy established by the Board of Governors.

3. Determination of eligibility would be based on parental income unless the student has been emancipated from his parents. In determining parental income:

a. Gross income, as reported in the State income tax returns of both parents, if the applicant is the only family member applying for a Tuition Assistance Grant; and, gross income, as reported in the State income tax returns of both parents, less $1,000 for each additional family member applying for a Tuition Assistance Grant.

b. The term "parent" shall include natural parents, stepparents, adoptive parents and the spouse of an adoptive parent.

c. Parental income shall be excluded in determination of need if the student has been emancipated from his parents. A student shall be considered emancipated if:

(1) During the calendar year next preceding the academic year for which application has been made and at all times subsequent thereto, up to and including the date of application for an award, and during the period for which the application for the award is made, such student

(a) has not resided with parents for more than two consecutive weeks; and

(b) has not received financial assistance or support valued in excess of $600, including loans, from parents; and

(c) has maintained a permanent place of abode other than in a dormitory facility or other college operated housing, or has been enlisted in full-time active military service in the armed forces of the United States for all or part of such period and has maintained a permanent place of abode other than in a dormitory facility or other college operated housing for the remainder of such period; and

(2) During the parents' taxable year next preceding the year in which application for the Tuition Assistance Grant award is made, such student has not been claimed as a dependent by either parent for purpose of either State or federal income tax.

(3) An emancipated student, as defined above, will be required to submit the same financial information for himself and his spouse as required for the parents of the non-emancipated students.

4. The Tuition Assistance Grant program, as outlined above, may be financed by the State at varying levels. Five models indicating the numbers and average amounts of awards which could be granted at alternative fund levels are shown in the tables beginning at page 67. To avoid the inequity of a step-grant proposal, which could provide for a significant loss in the grant amount received by a student for a $1.00 increase in gross family income, the proposed program would provide for a continuous-formula grant system. Thus, for family incomes up to $4,000, the full grant would be awarded ($1,300 for senior colleges/$1,100 for junior colleges); after $4,000 of income, the grant would decline proportionally and smoothly to the cutoff level of income.[2] Each model acknowledges the same set of tuition differentials between the public and private institutions. Each model is premised upon the same assumptions with respect to the income distribution of the parents of students attending the private institutions. And each model offers a similar grants pattern in that the greater the demonstrated need (i.e., the lower the income) the larger the percentage of the tuition differential that would be met. All models are based on a common set of assumptions about parental income of the North Carolina undergraduates enrolled in designated categories of private institutions in North Carolina. To establish this framework the most current American Council on Education data on parental income of colleges students have been used.[3] These are the only comprehensive data available on this subject. Based on

[2]The continuous-formula grant system is depicted on the graph on page 72.

[3]Alexander W. Astin, et al., The American Freshman: National Norms for 1974 (Los Angeles: ACE and UCLA, 1975).

those data for the 1974 entering freshman class, the income distribution was as follows:

Public and Private - All Institutions

Parental Income - 1974	South	All U. S.
< $ 3,999	7.7%	6.0%
4-5,999	5.4	4.6
6-7,999	6.3	5.7
8-9,999	7.7	8.0
10-12,499	14.4	15.5
12,5-14,999	12.4	13.5
15-19,999	14.6	16.6
> 20,000	31.5	30.1
	100.0	100.0

Parental Income - 1974	Two-Year Colleges		Four-Year Colleges		Universities	
	Public	Private	Public	Private	Public	Private
< $ 3,999	7.6%	8.7%	6.4%	4.4%	3.4%	2.5%
4-5,999	5.5	5.4	5.3	3.3	3.0	2.0
6-7,999	6.7	7.2	5.7	4.5	4.4	3.0
8-9,999	9.4	9.0	7.8	5.8	6.6	4.7
10-12,4999	17.5	16.1	15.3	11.5	14.6	9.8
12,5-14,999	14.8	12.5	13.4	10.9	13.5	10.2
15-19,999	15.8	14.8	17.7	14.9	18.2	16.0
> 20,000	22.7	26.3	28.4	44.7	36.3	51.8
	100.0	100.0	100.0	100.0	100.0	100.0

Assuming that the national patterns control in North Carolina the following income distributions are obtained for students enrolled in private institutions in the State:[4]

	Percentage of N. C. Undergraduates Enrolled		
Parental Gross Income	Two-Year Colleges	Four-Year Colleges	Universities
< $ 3,999	8.7	4.4	2.5
4-5,999	5.4	3.3	2.0
6-7,999	7.2	4.5	3.0
8-9,999	9.0	5.8	4.7
10-12,499	16.1	11.5	9.8
12,5-14,999	12.5	10.9	10.2
15-19,999	14.8	14.9	16.0
> 20,000	26.3	44.7	51.8
	100.0	100.0	100.0

[4]These data are used to develop projections of costs at different funding levels. As will be indicated below, adjusted effective income could be substituted for gross income in the operation of the program.

Income distribution patterns based on this information were then projected for the parents of the 24,188 North Carolina undergraduates currently enrolled in North Carolina's private junior colleges (4,387), four-year colleges (17,358) and universities (2,443). The projections of income distribution used in estimating the numbers of grants at given parental income levels and the total cost of each of the models are shown on pages 67-71.

5. Under the proposed North Carolina Tuition Assistance Grant program, grantees would receive aid in inverse relation to family gross income. That is, grantees from low income families would receive a larger percentage of the tuition differential than those from higher income families. Above a certain family income level, grants would not be made.

The Tuition Assistance Grant program therefore recognizes the existing differentials in the "ability-to-pay" of families of college students. A program that does not recognize these differences would, in effect, grant equal sums of scarce tax dollars to students from families with diverse economic backgrounds--the student of parents whose income is $20,000 being provided the same dollar grant as one whose parental income is $3,000.

The Tuition Assistance Grant program is also presented in the context of existing financial aid resources in the private sector. According to the latest information from the private institutions,[5] during 1973-74 about $25.4 million was received in financial aid by undergraduates in the private sector. Over half (52%) of the $25.4 million was awarded in the form of scholarship or some other non-service type of grant. About 19% was

[5]The sources for these data are the HEGIS financial forms and the NCHED financial aid forms filed by the institutions. These figures are published annually in the Statistical Abstract of Higher Education in North Carolina.

in the form of Work-Study and the remaining 29% was in the form of loans (National Direct Student Loans and others).

It is not the intent of the proposed program of aid to substitute State funds for other currently available sources of financial aid (e.g., BEOGs, Work-Study, National Direct Student Loans). Rather, the Tuition Assistance Grant program would complement and reinforce existing aid programs. For example, at current (1974-75) funding levels, the BEOGs provide the lowest income students in North Carolina approximately $1,050. Adding this to the $1,300 maximum for a student at a private four-year college would result in a combined federal-State grant of $2,350, or $2,150 if students were enrolled at a private junior college.

It is recognized that some of these funds must be utilized in accordance with standard regulations which limit the flexibility of the campus financial aid office in developing an aid "package," as do some of the regulations proposed for the Tuition Assistance Grant program. The institutions, however, have substantial flexibility and discretion in the use of institutionally-generated aid resources. The Tuition Assistance Grant program assumes the use of that flexibility and discretion as the means of accommodating to unusual student problems or differences in institutional characteristics or objectives.

This program could be adapted readily, however, to a definition of eligibility which utilizes the "adjusted effective income" as defined by the College Scholarship Service (CSS).

Adjusted effective income is defined as "the effective income plus the income supplement from discretionary net worth."[6] It is derived as follows.

[6]See CSS Need Analysis: Theory and Computation Procedures (New York: College Entrance Examination Board, 1974), p. 9.

First, from gross income these adjustments are deducted: allowance for taxes; allowance for working spouse; allowance for medical and dental expenses; allowance for emergency expenses; allowance for indebtedness; and allowance for expenses for dependents other than children. This yields effective income.

Next, a computation of net worth is made on the basis of certain other family assets, with a provision for exemption of retirement allowances and indebtedness. This yields "discretionary net worth," which is an indicator of additional financial strength generated by assets. This is then added to effective income to produce adjusted effective income.

Accordingly, the designation adjusted effective income could be substituted for gross income in the prog[illegible] description above, if this were deemed a more suitable determinant of eligibility. Then, instead of filing State income tax returns to determine eligibility, the Parents Confidential Statement (PCS) used by CSS to determine adjusted effective income would be required. This would also mean that, instead of the deduction of $1,000 from gross income allowed for each additional student applying for a Tuition Assistance Grant, $600 would be deducted from the adjusted effective income in the PCS.

Finally, "adjusted effective income" would be substituted for "gross income" in the establishment of income intervals in the models.

The College Scholarship Service reports that

> When considering the differences in family contribution that result from measuring financial strength based on income and assets, the ultimate impact on assets is not great. For families above the moderate income level, each $1 of discretionary net worth would add an average of 4 cents to the expected contribution derived from income alone if the family head were a male aged 40 and only some 2 1/2 cents if the family head were age 55. The effects are even further minimized for older parents and where the head of the household is female.[7]

[7] Ibid.

The State of New York concluded that there were disadvantages in using a measure other than income in its Tuition Assistant Program. The following statement of Dr. T. Edward Hollander, Deputy Commissioner of Education, will illustrate:

> As I pointed out . . . , [parents of] lower income students tended to have assets because they were saving for retirement or the head of the household was dead and they were left life insurance proceeds which were being kept in reserves. Our argument is if you were dealing with a population from zero income up to high income, assets would make a difference. When you are dealing only with low-income families, then assets, we think, would have very little to do with your ability to finance a collegiate education. But even if it did, we think it would be poor policy to tax it. The widow would have the proceeds of life insurance if they came from a low-income family or people saving for old age would have assets. Where else would a low-income family accumulate assets? We also concluded that if we included assets, it would make a 4-percent difference in the level of award and we did not feel that justified a shift in policy.[8]

The proposed North Carolina Tuition Assistance Grant program would provide aid to needy students in meeting the tuition differential. On the assumptions, procedures and principles enumerated above, its projected effects are indicated in the tables that follow. These tables indicate patterns of aid distribution at alternative levels of funding, and they are adaptable either to gross income, or to the substitution for gross income of adjusted effective income.

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[8]This statement was made on June 10, 1974, before the Committee on Education and Labor, House of Representatives.

Model 4.6

(Cut off at $12,500 gross income)

Junior Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	382	$1,100	$420,200	
99-71	4,-5,999	237	935	221,595	Grantees-2,036
70-50	6,-7,999	316	660	208,560	
49-27	8,-9,999	395	418	165,110	
26-10	10,-12,499	706	198	139,788	
0	12,5-14,999	548	0	0	
0	15,-19,999	649	0	0	
0	>20,000	1,154	0	0	
	Total	4,387		$1,155,253	

About 2,036 (46%) junior college students would be awarded grants under this model.

4-Year Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	764	$1,300	$993,200	
99-71	4,-5,999	573	1,105	633,165	Grantees-5,121
70-50	6,-7,999	781	780	609,180	
49-27	8,-9,999	1,007	494	497,458	
26-10	10,-12,499	1,996	234	467,064	
0	12,5-14,999	1,892	0	0	
0	15,-19,999	2,586	0	0	
0	>20,000	7,759	0	0	
	Total	17,358		$3,200,067	

About 5,121 (30%) 4-year college students would be awarded grants under this model.

Universities

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	61	$1,300	$ 79,300	
99-71	4,-5,999	49	1,105	54,145	Grantees-537
70-50	6,-7,999	73	780	56,940	
49-27	8,-9,999	115	494	56,810	
26-10	10,-12,499	239	234	55,926	
0	12,5-14,999	249	0	0	
0	15,-19,999	391	0	0	
0	>20,000	1,266	0	0	
	Total	2,443		$303,121	

About 537 (22%) university students would be awarded grants under this model.

Total Grantees-7,694

Total Cost = $4,658,441

Note: Average grant per recipient under this model would be $605.

Model 6.4

(Cut off at $12,500 gross income)

Junior Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	382	$1,100	$420,200	
99-91	4,-5,999	237	1,045	247,665	Grantees-2,036
90-80	6,-7,999	316	935	295,460	
79-51	8,-9,999	395	715	282,425	
50-30	10,-12,499	706	440	310,640	
0	12,5-14,999	548	0	0	
0	15,-19,999	649	0	0	
0	>20,000	1,154	0	0	
	Total	4,387		$1,556,390	

About 2,036 (46%) junior college students would be awarded grants under this model.

4-Year Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	764	$1,300	$993,200	
99-91	4,-5,999	573	1,235	707,655	Grantees-5,121
90-80	6,-7,999	781	1,105	863,005	
79-51	8,-9,999	1,007	845	850,915	
50-30	10,-12,499	1,996	520	1,037,920	
0	12,5-14,999	1,892	0	0	
0	15,-19,999	2,586	0	0	
0	>20,000	7,759	0	0	
	Total	17,358		$4,452,695	

About 5,121 (30%) four-year college students would be awarded grants under this model.

Universities

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	61	$1,300	$79,300	
99-91	4,-5,999	49	1,235	60,515	Grantees-537
90-80	6,-7,999	73	1,105	80,665	
79-51	8,-9,999	115	845	97,175	
50-30	10,-12,499	239	520	124,280	
0	12,5-14,999	249	0	0	
0	15,-19,999	391	0	0	
0	>20,000	1,266	0	0	
	Total	2,443		$441,935	

About 537 (22%) university students would be awarded grants under this model.

Total Grantees-7,694

Total Cost = $6,451,020

Note: Average grant per recipient under this model would be $838.

Model 7.4

(Cut off at $15,000 gross income)

Junior Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	382	$1,100	$420,200	
99-91	4,-5,999	237	1,045	247,665	Grantees-2,584
90-80	6,-7,999	316	935	295,460	
79-51	8,-9,999	395	715	282,425	
50-40	10,-12,499	706	495	349,470	
39-11	12,5-14,999	548	275	150,700	
0	15,-19,999	649	0	0	
0	>20,000	1,154	0	0	
	Total	4,387		$1,745,920	

About 2,584 (59%) junior college students would be awarded grants under this model.

4-Year Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	764	$1,300	$993,200	
99-91	4,-5,999	573	1,235	707,655	Grantees-7,013
90-80	6,-7,999	781	1,105	863,005	
79-51	8,-9,999	1,007	845	850,915	
50-40	10,-12,499	1,996	585	1,167,660	
39-11	12,5-14,999	1,892	325	614,900	
0	15,-19,999	2,586	0	0	
0	>20,000	7,759	0	0	
	Total	17,358		$5,197,335	

About 7,013 (40%) 4-year college students would be awarded grants under this model.

Universities

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	< $3,999	61	$1,300	$79,300	
99-91	4,-4,999	49	1,235	60,515	Grantees-786
90-80	6,7,999	73	1,105	80,665	
79-51	8,-9,999	115	845	97,175	
50-40	10,-12,499	239	585	139,815	
39-11	12,5-14,999	249	325	80,925	
0	15,-19,999	391	0	0	
0	>20,000	1,266	0	0	
	Total	2,443		$538,395	

About 786 (32%) university students would be awarded grants under this model.

Total Grantees-10,383

Total Cost = $7,481,650

Note: Average grant per recipient under this model is $721.

Model 8.2

(Cut off at $20,000 gross income)

Junior Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	382	$1,100	$420,200	
99-91	4,-5,999	237	1,045	247,665	Grantees-3,233
90-80	6,-7,999	316	935	295,460	
79-51	8,-9,999	395	715	282,425	
50-36	10,-12,499	706	473	333,938	
35-21	12,5-14,999	548	308	168,784	
20-12	15,-19,999	649	176	114,224	
0	> 20,000	1,154	0	0	
	Total	4,387		$1,862,696	

About 3,233 (74%) junior college students would be awarded grants under this model.

4-Year Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	< $3,999	764	$1,300	$993,200	
99-91	4,-5,999	573	1,235	707,655	Grantees-9,599
90-80	6,-7,999	781	1,105	863,005	
79-51	8,-9,999	1,007	845	850,915	
50-36	10,-12,499	1,996	559	1,115,764	
35-21	12,5-14,999	1,892	364	688,688	
20-12	15,-19,999	2,586	208	537,888	
0	> 20,000	7,759	0	0	
	Total	17,358		$5,757,115	

About 9,599 (55%) 4-year college students would be awarded grants under this model.

Universities

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	61	$1,300	$79,300	
99-91	4,-5,999	49	1,235	60,515	Grantees-1,177
90-80	6,-7,999	73	1,105	80,665	
79-51	8,-9,999	115	845	97,175	
50-36	10,-12,499	239	559	133,601	
35-21	12,5-14,999	249	364	90,636	
20-12	15,-19,999	391	208	81,328	
0	> 20,000	1,266	0	0	
	Total	2,443		$623,220	

About 1,177 (48%) university students would be awarded grants under this model.

Total Grantees-14,009

Total Cost = $8,243,031

Note: Average grant per recipient under this model is $588.

Model 9.2

(Cut off at $20,000 gross income)

Junior Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	382	$1,100	$420,200	
99-91	4,-5,999	237	1,045	247,665	Grantees-3,233
90-80	6,-7,999	316	935	295,460	
79-71	8,-9,999	395	825	325,875	
70-40	10,-12,499	706	605	427,130	
39-25	12,5-14,999	548	352	192,896	
24-16	15,-19,999	649	220	142,780	
0	>20,000	1,154	0	0	
	Total	4,387		$2,052,006	

About 3,233 (74%) junior college students would be awarded grants under this model.

4-Year Colleges

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	764	$1,300	$993,200	
99-91	4,-5,999	573	1,235	707,655	Grantees-9,599
90-80	6,-7,999	781	1,105	863,005	
79-71	8,-9,999	1,007	975	981,825	
70-40	10,-12,499	1,996	715	1,427,140	
39-25	12,5-14,999	1,892	416	787,072	
24-16	15,-19,999	2,586	260	672,360	
0	>20,000	7,759	0	0	
	Total	17,358		$6,432,257	

About 9,599 (55%) 4-year college students would be awarded grants under this model.

Universities

Range % of Max. Granted	Gross Income Interval	Students	Avg. Grant in Income Cat.	Cost	
100%	<$3,999	61	$1,300	$79,300	
99-91	4,-5,999	49	1,235	60,515	Grantees-1,177
90-80	6,-7,999	73	1,105	80,665	
79-71	8,-9,999	115	975	112,125	
70-40	10,-12,499	239	715	170,885	
39-25	12,5-14,999	249	416	103,584	
24-16	15,-19,999	391	260	101,660	
0	>20,000	1,266	0	0	
	Total	2,443		$708,734	

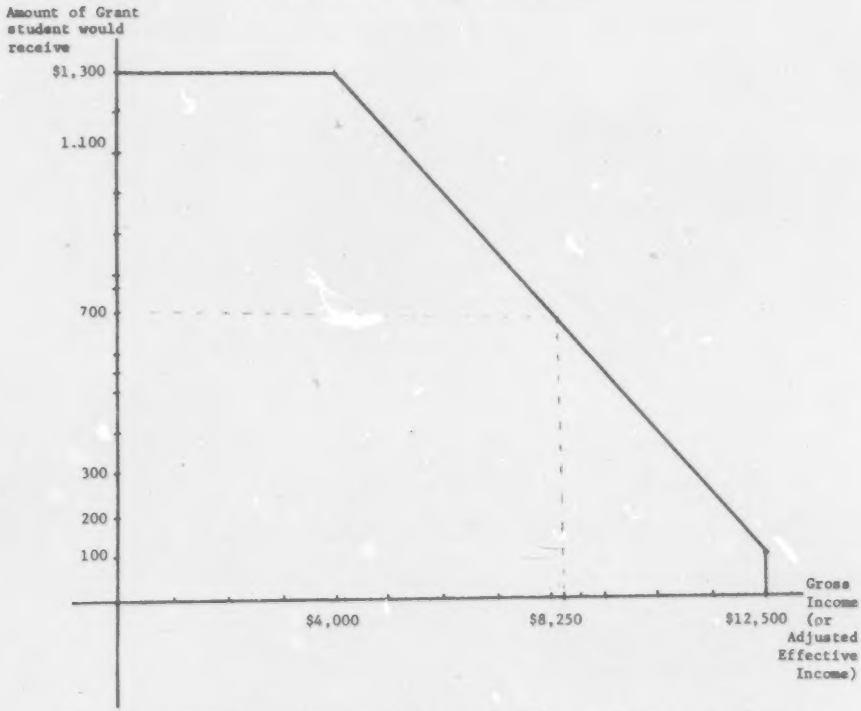
About 1,177 (48%) university students would be awarded grants under this model.

Total Grantees-14,009

Total Cost = $9,192,997

Note: Average grant per recipient under this model is $656.

GRAPHICAL ILLUSTRATION OF
AMOUNTS STUDENTS WOULD
RECEIVE UNDER THE
NCTAG PROGRAM
BY GROSS INCOME LEVELS,
OR BY ADJUSTED EFFECTIVE INCOME LEVELS



Note: As the above illustrative graph depicts, a student attending a private senior institution from a family earning up to $4,000 gross income would receive the maximum grant of $1,300. A student from a family earning $8,250 would be awarded $700, and one from a family earning $12,500 would receive $100.

Both the maximum award ($1,300) and the cutoff level of income ($12,500) may be modified. In addition, the rate at which grants decline may be altered and "Adjusted Effective Income" can be substituted for gross income in the above illustration.

This centrally administered Tuition Assistance Grant program would not go into effect until the year 1976-77. For the interim year, 1975-76, it would be recommended that the present program of State aid be continued. On the basis of the conditions enumerated below, it is recommended further that there be a new level of funding to reflect inflationary cost increases since 1973. These conditions are (1) that The University is not faced with the necessity of increasing its tuition charges, and (2) that significant reductions in the continuing budgets of the constituent institutions of The University are not directed by the General Assembly.

In the interim year of continuation of the present program, the following changes in the administration of the program are also recommended:

(1) Each student receiving aid from State funds will be notified in writing by the institution that he has been awarded a State-funded grant and the amount of such grant.

(2) The Board of Governors will be provided with a list of these students, and the amount of the award given to each, by the institution.

In concluding this discussion of a centrally administered program, whether it utilizes gross income or adjusted effective income, it will be useful to compare the proposed North Carolina Tuition Assistance Grant program with two other aid programs now in operation, and with one which has been proposed in a recent national report.

(1) New York's Tuition Assistance Program

The New York Tuition Assistance Program is virtually identical to the one proposed for North Carolina. New York's program uses income as the determinant of need. It awards up to a maximum of $1,500 and prorates that maximum downward as family income increases. It does not tax assets (i.e., assets are disregarded for purposes of eligibility determination). As the preceding statement of Deputy Commissioner Hollander indicated, a detailed and thorough study led to the conclusion there that the inclusion of assets, as in a comprehensive needs analysis test, would only add complications, confusion and inequities to their program.

(2) The South Carolina Tuition Grant Program

The South Carolina plan, like the North Carolina Tuition Assistance Grant program, as described above, is a centrally administered, need based program of aid to students in private colleges. It awards up to $1,500, or up to tuition and fees of the college attended, or up to the student's need, whichever is less.

Need is determined by subtracting from the cost of attending the institution the estimated parental contribution. Institutional cost includes tuition and fees, plus room and board and other charges. The amount that a student's family can be expected to contribute toward his educational costs is determined by the family income and the number of dependents. The expected family contribution increases with family income and decreases with the number of dependent children, holding income constant.

About 85% of the grants awarded are at or near the maximum. This means that students from a family earning $3,000 could receive the same grant as a student from a family earning $20,000. For example, under the

South Carolina program a family earning $20,000, with two children, can be expected to contribute $2,100 toward the student's college education. If that student enrolls in a private institution where total cost is $4,000, then the student's need is $1,900 ($4,000-$2,100), and the student is entitled to a maximum $1,500 grant. Similarly, a student from a family whose income was $3,000 and could contribute nothing toward the cost of a college education, would receive the maximum $1,500 grant if he attended that same institution. This differs markedly from both the New York program and the program described above for North Carolina. It may be illustrated by the example that follows.

North Carolina Tuition Assistance Grant Program			South Carolina Tuition Grants Program		
	Amount of Grant Student Receives				
Gross Income	Senior	Junior		Student "A"	Student "B"
< $ 4,000	$1,300	$1,100	Gross Income	$3,000	$20,000
4,500	1,230	1,040	Colleges Costs	4,000	4,000
8,250	700	600	Family Contribution	0	2,100
10,000	450	395	NEED	4,000	1,900
12,500	100	100			
> 12,500	0	0	South Carolina Grant	1,500	1,500

Actually, however, the distribution of the South Carolina grants resembles the distributions projected in the proposed North Carolina plan, as 90% of the South Carolina grants made in 1974-75 went to students from families earning less than $16,000. This is a significant similarity in the effect of the South Carolina plan to that of the proposed North Carolina program. This similarity might not be true if the South Carolina program were fully funded. Even at the present level of $6.3 million, however,

the effect of that program is that the maximum grant of $1,500 may be given to a student whose family income is $20,000 as well as to one whose family income is $3,000.

(3) The National Council of Independent Colleges and Universities Plan

This proposed program was presented recently by a special task force of that organization of private institutions.[9] The plan, among other things, calls for "tuition offset grants for all students in private institutions" as the most "direct and practicable way to narrow the [tuition] gap."[10] The authors recognize, however, that "it is not the only way, and so it is not formulated as a rigid recommendation."[11]

One basic significant difference between this plan and those previously described is that it is not based on need. To quote the report:

> We favor avoiding means tests for both philosophical and administrative reasons. No means tests are imposed on students who benefit from subsidized education in state institutions, and the same principle should be applied to tuition offset grants to private college students.[12]

On the other hand, the authors of the report are "well aware that student aid based on need, . . . economizes in tax dollars."[13]

Even more fundamental is the inadequate recognition by NCICU that there is a totally different set of obligations and responsibilities on the part of the state toward its own institutions and toward private institutions. It asks, in effect, for proportionality in public aid but offers no parallel

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[9]See A National Policy for Private Higher Education.

[10]Ibid., p. 24.

[11]Ibid., p. 5.

[12]Ibid., p. 23.

[13]Ibid.

proportionality in accountability. At the same time, it does recognize that there is not necessarily a single best answer to the problem.

ADMINISTRATIVE PROCEDURES (B): INSTITUTIONAL ADMINISTRATION

Consistent with that recognition, the concluding section of this report will describe an alternative approach to this program. This alternative would vest the administration of the program in the individual private institutions. This administrative change would imply substantive changes in other areas as well, in that, for example, it would give to each institution the flexibility that is inherent in the South Carolina plan, as described above, up to the maximum award. Thus, students from different economic backgrounds could receive the same dollar amounts from the State.

An institutionally administered Tuition Assistance Grant program should operate in accordance with these requirements and specifications:

1. The criteria governing a student's eligibility for a grant would be identical to those described for the centrally administered program.
2. The amount of the individual grant could be determined by the institutions using a standard gross income measure or other eligibility measure approved by the Board of Governors, but subject to these limitations:
   a. No grant could exceed the maximum established for the two categories of institution (i.e., $1,300 at the senior institutions and $1,100 at the junior institutions); and
   b. No grant could be less than the minimum established by the Board (i.e., $100).

3. Each institution would maintain the same records for the validation of eligibility (need, residency status, class-standing, etc.) that would be maintained in a central agency.

The first problem to be resolved, if such an approach as this were chosen, would be a formula for the distribution of funds. One simple method, which would constitute an improvement over the present program, would be an allocation of some stated amount for each average yearly full-time equivalent North Carolina undergraduate enrolled in the previous academic year. Here, again, it should be required that, to be eligible, the student must have been a bona fide resident for tuition purposes at the time he first registered as a full-time student at a North Carolina college or university. Each institution would know some months in advance what funds it could anticipate having for the coming year.

The following procedural and accounting steps should then be defined:

1. The Board would certify the institutional allocations as soon after General Assembly appropriations action as possible.
2. Certification of grants to students would be made to the Board of Governors by the institutions not later than October 15. This certification would report: the student to whom each grant was awarded; the amount of the annual grant for each student; and the names of applicants, if any, to whom no grants were awarded. All applicants and grantees would be identified by name, address, class, Social Security Number, race, and sex; and, in the instance of those to whom grants were not awarded, whether those applicants are in attendance on October 15 at the institution to which the student applied for a grant.
3. Funds would then be transmitted to the institutions on the basis of the certification of grants described in 2., above.

4. Each participating institution would maintain the funds transmitted in a separate, identifiable account or fund. Disbursements from this account or fund would be at the discretion of the institution, but each disbursement would identify the grantee to whom, or on behalf of whom, the disbursement was made, and the amount of each disbursement.

5. A financial report would be made by the institution to the Board of Governors at the end of the academic year, and not later than June 15, showing disbursements identified by grantee, refunds identified by grantee, and transmitting the balance, if any, to the Board of Governors for reversion to State Treasury.

A program such as this would have these disadvantages:

(1) It would not allow the student as wide a choice of institutions as would the centrally administered program.

(2) It could not provide the same assurance as could the centrally administered program that the relative levels of need would be uniformly addressed.

In these respects, the program would be similar to the present one under Chapter 744, but the separate identification of the program, and the regulations described above, would be marked improvements over the existing one. It would have these advantages:

(1) Costs of administration would be borne by the institutions, rather than by funding a central administrative office under contract.

(2) The student financial aid office on the campus would have greater flexibility in developing aid "packages."

There are no comprehensive data on student need at the individual institutions which provide a basis for developing alternative models such as those presented earlier for the centrally administered programs. Therefore, at the outset it would be necessary to assume that any specific level of State funding would accomplish the same overall effects as would the portable, centrally administered program.

ATTACHMENT 1

N. C. ASSOCIATION OF INDEPENDENT COLLEGES & UNIVERSITIES

SUITE 1408 / BB&T BLDG. / 333 FAYETTEVILLE ST. / P. O. BOX 1727 / RALEIGH, NORTH CAROLINA 27602 / (919) 832-5817

September 4, 1974

Atlantic Christian College
Wilson
Barber-Scotia College
Concord
Belmont Abbey College
Belmont
Bennett College
Greensboro
Brevard College
Brevard
Campbell College
Buies Creek
Catawba College
Salisbury
Chowan College
Murfreesboro
Davidson College
Davidson
Duke University
Durham
Elon College
Elon College
Gardner-Webb College
Boiling Springs
Greensboro College
Greensboro
Guilford College
Greensboro
High Point College
High Point
Johnson C. Smith University
Charlotte
Kittrell College
Kittrell
Lees-McRae College
Banner Elk
Lenoir Rhyne College
Hickory
Livingstone College
Salisbury
Louisburg College
Louisburg
Mars Hill College
Mars Hill
Meredith College
Raleigh
Methodist College
Fayetteville
Montreat-Anderson College
Montreat
Mount Olive College
Mount Olive
North Carolina Wesleyan College
Rocky Mount
Peace College
Raleigh
Pfeiffer College
Misenheimer
Queens College
Charlotte
Sacred Heart College
Belmont
St. Andrews Presbyterian College
Laurinburg
Saint Augustine's College
Raleigh
St. Mary's College
Raleigh
Salem College
Winston-Salem
Shaw University
Raleigh
Wake Forest University
Winston-Salem
Warren Wilson College
Swannanoa
Wingate College
Wingate

The Board of Governors of
The University of North Carolina
Chapel Hill, N. C. 27514

Attn: William C. Friday, President

Gentlemen:

Pursuant to North Carolina General Statute 116-11(11) which states that all requests by non-public institutions of higher education for State financial assistance to the institutions or to students attending them shall be submitted first to the Board of Governors for review and recommendation before being presented to any other State agency or to the General Assembly, and further, at the request of President William C. Friday, we are pleased to present a detailed recommendation and request for support of North Carolina residents attending private colleges and universities in North Carolina as defined by G.S. 116, Sections 19, 20, 21 and 22.

Reference is first made to a letter addressed to President Friday dated May 30, 1974 and signed by members of the Legislative Committee of the North Carolina Association of Independent Colleges and Universities, President Norman A. Wiggins of Campbell College, President Silas Vaughn of Montreat-Anderson College, and Dr. J. W. Fowler. In the May 30 letter the Legislative Committee, on behalf of the Association, asked that the Board of Governors review, recommend and support four items. These items were:

1. The continuation of the present program of aid to North Carolina students enrolled in private colleges and universities in an amount of not less than $200.00 per FTE North Carolina student, to be administered in accordance with N. C. Gen. Statutes 116, 19-21.

2. The enactment of enabling legislation establishing the principle whereby the State of North Carolina would provide aid for students enrolled at private colleges and universities up to 50% of the average per capita cost to the State for each FTE undergraduate student enrolled at the 16 campuses of The University of North Carolina. The average herein referred to is to be arrived at by utilizing the proposed direct cost from the operating budget for educational and general expenses. The funds appropriated would be made available to the student in a manner to be determined.

The Board of Governors
September 4, 1974
Page 2

3. An upward adjustment of the formula and restrictions on financial aid in order to provide a broader eligibility for North Carolina FTE undergraduate students at private institutions.

4. The establishment of a "Study and Advisory Council on Higher Education" to be composed of representatives from the University of North Carolina Board of Governors, the North Carolina Association of Independent Colleges and Universities Executive Committee, and representatives from the Department of Community Colleges of the State Board of Education. The purpose of said Council will be to determine needs of higher education, initiate and implement new plans and to face challenges and solve problems (both emergent and long-range), confronting higher education in North Carolina. (This would serve to implement G.S. 116-11(1) requiring the planning and development of a "coordinated system of higher education in North Carolina".)

We reaffirm the four items listed above and provide more detailed description of the Association's requests for your consideration.

The action of the North Carolina General Assembly in 1971 in the enactment of enabling legislation and in the provision of funds to aid North Carolina residents attending private colleges and universities has had positive results. The contractual arrangement whereby each institution agrees to provide and administer scholarship funds for needy North Carolina students in an amount equal to funds appropriated for that purpose has enabled a limited number of North Carolinians to attend private colleges and universities at a relatively minor cost to the State.

As stated in the previous communication of May 30, for the 1975-76 and 1976-77 years, the North Carolina Association of Independent Colleges and Universities and its membership of thirty-nine independent colleges and universities recommends continuation of the present program at a level not less than the current appropriation, $4.6 million per annum.

Because of the increasing difficulty for the average North Carolina family to afford the higher tuition and fees of the private sector, the membership of the Association makes additional recommendations designed to insure that the letter and spirit of G.S. 116-11(11) and Section 801 of the Code of the University be observed to the end that the resources of the private colleges and universities "may be utilized in the best interest of the State."

A major recommendation is that the General Assembly strengthen present State policy of aid to North Carolina residents attending private colleges and universities through appropriate enabling legislation. We recommend the adoption of the principle that up to 50% of the average State support for undergraduate students attending the University of North Carolina be provided

The Board of Governors
September 4, 1974
Page 3

for North Carolina students attending private colleges and universities of North Carolina. We request that the Board of Governors endorse this principle and support this concept.

We further recommend and request that the additional aid to students be made available as a tuition grant to every full-time North Carolina undergraduate student enrolled as of the tenth day of each term. Funds appropriated under this specific program would be restricted to the nine months academic year and the total amount of each grant divided by the number of academic terms, i.e. half for each semester or one-third for each quarter.

We recommend that the following amounts be requested for direct tuition grants to students for the academic years 1975-76 and 1976-77.

Year	Estimated number of North Carolina undergraduates	Amount Requested
1975-76	23,000	$ 9.2 million
1976-77	24,000	$14.4 million

It is estimated that the amounts requested above would provide during the 1975-76 year a $400.00 tuition grant for each full-time North Carolina undergraduate, and for the 1976-77 a $600.00 tuition grant for each full-time North Carolina undergraduate. The recommended program of support for North Carolina students should enable the private sector to maintain its present enrollment of North Carolinians and, during the second year of the biennium (1976-77), provide for an increase.

You will note that the total amount requested for 1975-77, when added to the present program of financial aid for needy students attending private colleges, is below 50% of the estimated average per student State appropriation for current operations for North Carolina residents attending the University in 1975-77.

In summary and conclusion the differential between tuition costs to students attending public and private higher educational institutions is basically responsible for the problem of declining enrollment in the private sector. Among the suggested solutions advanced by many concerned individuals and groups is one to provide direct tuition grants to qualified students attending private colleges and universities. A program of direct tuition grants to undergraduate North Carolina residents combined with the present program of financial aid to needy students would reverse the current trend of decreasing percentage and actual number of North Carolina students annually enrolled in the private sector.

We recommend that present State policy of support to North Carolina students attending private colleges and universities include the principle of providing up to 50% of the per capita subsidy provided students attending the public universities.

The Association, through its officers, is prepared to present these reaffirmed recommendations to the appropriate committees on Budget and Finance and Educational Planning, Policies, and Programs, or to the full Board of Governors. We are pleased to work with the University General Administration and others throughout the State in mutual support of higher education in North Carolina and pledge the efforts of the Association and its thirty-nine member institutions towards that worthy goal.

Sincerely yours,

Arthur D. Wenger

Arthur D. Wenger, Chairman
North Carolina Association of Independent
Colleges and Universities

cc William C. Dees, Chmn., Board of Governors

ATTACHMENT 2

COMPARISON OF INCREASE IN STATE ALLOCATION TO PRIVATE INSTITUTIONS WITH INCREASE IN SCHOLARSHIPS AWARDED BY PRIVATE INSTITUTIONS TO NEEDY NORTH CAROLINIANS, 1972-73 TO 1973-74

	(1) STATE FUNDS RECEIVED FALL 1972	(2) STATE FUNDS RECEIVED FALL 1973	(3) DIFFERENCE (2) - (1)	SCHOLARSHIPS AWARDED (4) 1972-73 Amount	(5) 1973-74 Amount	(6) INCREASE IN SCHOLARSHIPS 1972-73 to 1973-74	(7) (6) ÷ (3)
Atlantic-Christian	$ 34,303.59	$246,250.00	$ 211,946.41	$ 34,725.40	$236,091.55	$ 201,366.15	.95
Barber-Scotia	7,524.06	50,400.00	42,875.94	35,372.00	80,[illegible]45.00	45,273.00	1.06
Belmont Abbey	8,818.98	36,200.00	27,381.02	28,389.00	44,300.00	15,911.00	.58
Bennett	6,294.42	46,600.00	40,305.58	77,293.00	72,587.00	-4,706.00	-.12
Campbell	47,383.68	320,400.00	273,016.32	57,180.00	396,552.26	339,372.26	1.24
Catawba	12,82[illegible].60	94,150.00	81,326.40	32,868.00	99,587.00	66,719.00	.82
Davidson	15,135.06	74,932.00	59,796.94	76,027.00	75,950.00	-77.00	-
Duke	53,060.08	172,800.00	119,739.92	485,780.00	457,500.00	-28,280.00	-.24
Elon	34,711.30	216,000.00	181,288.70	44,870.00	228,743.00	183,873.00	1.01
Gardner-Webb	27,065.34	205,600.00	178,534.66	110,156.00	228,341.00	118,185.00	.66
Greensboro	11,608.94	67,800.00	56,191.06	70,330.00	122,962.00	52,632.00	.94
Guilford	21,375.77	164,000.00	142,624.23	164,465.00	174,420.00	9,955.00	.07
High Point	15,094.65	106,450.00	91,355.35	54,840.00	125,722.00	70,882.00	.78
J. C. Smith	9,498.13	70,800.00	61,301.87	58,005.00	84,816.00	26,811.00	.44
Lenoir-Rhyne	25,151.09	186,000.00	160,848.91	59,835.00	161,575.00	101,740.00	.63
Livingstone	10,834.11	77,700.00	66,865.89	90,788.11	114,230.00	23,441.89	.35
Mars Hill	40,457.46	165,100.00	124,642.54	123,700.00	168,875.00	45,175.00	.36
Meredith	75,408.46	207,500.00	132,091.5[illegible]	110,875.00	209,098.00	98,223.00	.74
Methodist	12,708.48	91,200.00	78,4[illegible]1.52	38,269.50	98,287.00	60,017.50	.76

COMPARISON OF INCREASE IN STATE ALLOCATION TO PRIVATE INSTITUTIONS WITH INCREASE IN SCHOLARSHIPS AWARDED BY PRIVATE INSTITUTIONS TO NEEDY NORTH CAROLINIANS, 1972-73 TO 1973-74

	(1) STATE FUNDS RECEIVED FALL 1972	(2) STATE FUNDS RECEIVED FALL 1973	(3) DIFFERENCE (2) - (1)	SCHOLARSHIPS AWARDED (4) 1972-73 Amount	(5) 1973-74 Amount	(6) INCREASE IN SCHOLARSHIPS 1972-73 to 1973-74	(7) (6) ÷ (3)
N.C. Wesleyan	8,359.81	54,200.00	45,840.19	31,650.00	75,150.00	43,500.00	.95
Pfeiffer	78,890.66	134,000.00	55,109.34	120,636.00	159,252.00	38,616.00	.70
Queens	25,141.47	45,600.00	20,458.53	25,141.47	40,797.00	15,655.53	.77
Sacred Heart	2,798.26	19,550.00	16,751.74	10,938.13	23,550.00	12,611.87	.75
St. Andrews	8,977.29	58,400.00	49,422.71	92,737.00	92,364.00	-373.00	-.01
St. Augustine's	73,811.48	158,000.00	84,188.52	365,000.00	225,000.00	-140,000.00	-1.66
Salem	24,117.56	54,900.00	30,782.44	43,971.00	33,070.00	-10,901.00	-.35
Shaw	21,002.34	116,000.00	94,997.66	38,000.00	149,636.00	111,636.00	1.18
Wake Forest	99,439.92	269.400.00	169,960.08	364,693.00	303,000.00	-61,693.00	-.36
Warren Wilson	1,947.48	14,600.00	12,652.52	21,840.00	29,310.00	7,470.00	.59
Brevard	7,231.60	57,000.00	49,768.40	25,381.25	55,460.09	30,078.84	.60
Chowan	18,262.20	104,600.00	86,337.80	33,263.00	105,179.00	71,916.00	.83
Kittrell	39,493.30	44,400.00	4,906.70	39,694.70	49,564.00	9,869.30	2.01
Lees-McRae	44,766.63	96,550.00	51,783.37	44,766.63	94,113.00	49,346.37	.95
Louisburg	15,127.88	121,800.00	106,672.12	54,266.75	149,175.00	94,908.25	.89
Mitchell	11,046.81						
Montreat-And.	6,411.16	38,050.00	31,638.84	6,600.00	39,990.00	33,390.00	1.06

COMPARISON OF INCREASE IN STATE ALLOCATION TO PRIVATE INSTITUTIONS WITH INCREASE IN SCHOLARSHIPS AWARDED BY PRIVATE INSTITUTIONS TO NEEDY NORTH CAROLINIANS, 1972-73 TO 1973-74

	(1) STATE FUNDS RECEIVED FALL 1972	(2) STATE FUNDS RECEIVED FALL 1973	(3) DIFFERENCE (2) - (1)	SCHOLARSHIPS AWARDED (4) 1972-73 Amount	(5) 1973-74 Amount	(6) INCREASE IN SCHOLARSHIPS 1972-73 to 1973-74	(7) (6) ÷ (3)
Mt. Olive	7,337.95	51,650.00	44,312.05	48,418.00	59,690.00	11,272.00	.25
Peace	11,724.77	82,000.00	70,275.23	14,200.00	86,220.00	72,020.00	1.02
St. Mary's	7,780.08	42,750.00	34,969.92	8,050.00	20,010.00	11,960.00	.28
Wingate	33,924.73	220,700.00	186,775.27	38,276.00	225,326.00	187,050.00	1.00
Totals	$1,016,850.58	$4,394,032.00	$3,378,228.23	3,181,[illegible]0.94	5,196,137.90	2,014,846.96	.60

ATTACHMENT 3

DEGREE AND TERMINAL OCCUPATIONAL PROGRAMS

OFFERED BY

THE PRIVATE COLLEGES AND UNIVERSITIES

IN NORTH CAROLINA

1973-1974

Source: The Independents, published by the North Carolina Association of Independent Colleges and Universities, Raleigh, N. C., 1974.

CATEGORY LISTING

Agriculture and Natural Resources — Group I
Area Studies — Group II
Biological Sciences — Group III
Business and Management — Group IV
Communications — Group V
Computer and Informational Services — Group VI
Engineering — Group VII
Fine and Applied Arts — Group VIII
Foreign Languages — Group IX
Health Professions — Group X
Home Economics — Group XI
Law — Group XII
Letters — Group XIII
Mathematics — Group XIV
Military Sciences — Group XV
Physical Sciences — Group XVI
Psychology — Group XVII
Public Affairs and Services — Group XVIII
Social Sciences — Group XIX
Theology — Group XX
Interdisciplinary Studies — Group XXI

UNDERGRADUATE ACADEMIC PROGRAMS IN NORTH CAROLINA PRIVATE INSTITUTIONS

	Group I		Grp II	Group III				Group IV					Group V		Group VI		Gr
	Agriculture	Forestry	Area Studies	Biochemistry	Biology	Botany	Zoology	Accounting	Business	Bus. Admin.	Management	S.S. Interbusiness Science	Communications	Journalism	Computer Science	Data Processing	Biomedical Engineering	Civil Engineering
FOUR-YEAR INSTITUTIONS																		
Atlantic Christian					X			X		X		X						
Barber-Scotia					X					X		X						
Belmont Abbey					X			X										
Bennett					X													
Campbell					X				X									
Catawba		*X			X			X	X									
Davidson			X		X													
Duke						X	X				X				X		X	X
Elon					X			X		X								
Gardner-Webb					X					X						X		
Greensboro					X													
Guilford		*X			X			X			X							
High Point		*X			X													
Johnson C. Smith					X													
Lenoir Rhyne					X					X								
Livingstone					X													
Mars Hill					X			X		X		X						
Meredith			X		X					X								
Methodist					X													
N. C. Wesleyan			X		X													
Pfeiffer					X			X		X								
Queens			X	X	X													
Sacred Heart			X		*X			*X										
St. Andrews			X		X					X								
St. Augustine's					X					X								
Salem					X													
Shaw	*X				*X	*X	*X					X	X		X			
Wake Forest		*X			X			X	X									
Warren Wilson			X		X													
TWO-YEAR INSTITUTIONS																		
Brevard	X	X			X					X				X				
Chowan								X		X								
Kittrell					X					X		X						
Lees-McRae	X	X			X					X				X				
Louisburg					X				X			X						
Montreat-Anderson												X						
Mount Olive										X		X						
Peace									X					X				
St. Mary's					X										X			
Wingate	X									X								

*Program offered in conjunction with one or more institutions

Group VIII						Group IX										Group X														
Art	Commercial Art	Dance	Music	Music History	Theatre Arts	Classical Languages	French	Germanic Languages	German	Greek	Latin	Modern Languages	Romance Languages	Slavic Literature	Spanish	Anesthesiology	Lab. Technician	Medical Records	Medical Science	Medical Technology	Nursing	Physical Therapy	Physician's Asst.	Pre-Dental	Pre-Medical	Pre-Pharmacy	Pre-Veterinary Medicine	Radiologic Technology	Speech Pathology & Audiology	X-Ray Technician
	x		x				x								x					*x	x				x					
x																				x					x					
x							x								x					*x					x					
			x				x													*x										
			x		x		x		x						x					*x										
x			x				x		x						x										x					
x			x					x					x	x							x									
			x				x								x					x								x		
			x			x	x								x					x										
x			x	x	x		x								x			x		x			x					x		
x			x		x		x								x	*x				*x	*x			x	x		x			
x			x		x		x								x					x				x	x					
			x		x		x		x						x					x	x		x		x	x				
			x				x																	x	x	x				
x			x		x	x	x				x				x				x											
x			x				x				x				x															
x			x				x								x															
			x		x		x								x															
							x		x												*x			x	x		x			
x			x				x		x						x					x										
x																				*x					*x					
x			x				x					x								*x				x	x					
			x				x																							
x			x			x	x		x		x				x					*x										
x			x		x		x								x									*x	*x		*x		x	
x			x		x		x		x	x	x				x															
			x																											
		x	x																		x			x	x		x			
	x		x				x								x															
			x																		x			x	x					
			x				x		x						x		x	x			x	x		x	x					x
			x		x																x			x	x					
			x																		x									
			x		x							x																		
			x		x		x		x		x				x															
			x														x				x			x	x					

UNDERGRADUATE ACADEMIC PROGRAMS IN NORTH CAROLINA PRIVATE INSTITUTIONS

	Grp XI	Grp XII	Group XIII				Group XIV		Group XV			Group XVI						Group XVII		Group	
	Home Economics	Pre-Law	Classics	English	Philosophy	Speech	Mathematics	Mathematics & Computer Sci.	Air Force ROTC	Army ROTC	Navy ROTC	Chem. Physics	Chemistry	Geology	Natural Science & Physics	Phys. Science	Physics	Clinical Studies	Psychology	Human Rel.	Law Enforcement Phys. Science
FOUR-YEAR INSTITUTIONS																					
Atlantic Christian				X			X						X						X		
Barton-Scotia													X								
Belmont Abbey				X						*X			X			X			*X		
Bennett	X			X			X						X						X		
Campbell	X			X	X		X			X			X	X	X				X		
Catawba				X	X	X	X						X	X			X	*X	X		
Davidson			X	X	X		X			X			X				X		X		
Duke			X	X	X		X		X		X		X	X			X		X		
Elon				X	X		X						X				X				
Gardner-Webb				X			X												X		
Greensboro				X			X						X						X		
Guilford		X		X	X								X	X			X				X
High Point				X	X		X						X						X	X	
Johnson C. Smith				X	X		X						X						X		
Lenoir Rhyne		X	X	X	X	X	X						X				X				
Livingstone		X		X			X						X								
Mars Hill	X			X			X						X								
Meredith	X			X			X						X						X		
Methodist				X			X						X								
N. C. Wesleyan				X	X		X						X						X		
Pfeiffer				X	X		X						X				X		X		
Queens				X	X		X						X						X		
Sacred Heart				*X									*X						X		
St. Andrews		X		X			X	X				X	X						X		
St. Aug. Vinc's				X			X		*X	*X			X				*X				
Salem	X			X			X						X						X		
Shaw				X	X		X						*X				*X				
Wake Forest				X	X		X			X			X				X		X		
Walter Wilson				X			X									X					
TWO-YEAR INSTITUTIONS																					
Brevard		X					X														
Chowan				X			X						X				X		X		
Kittrell				X			X						X								
Lees-McRae	X			X			X			X			X				X		X		
Louisburg				X			X						X				X		X		
Montreat-Anderson																					
Mount Olive																					
Peace	X			X		X	X												X		
St. Mary's				X			X										X		X		
Morgan		X																			

*Program offered in conjunction with one or more institutions

	Group XIX													Group XX					Group XXI							
	Economics	Economics & Bus	Geography	Government	History	History & Pol. Sci.	Political Science	Pol. Sci. & Sociology	Politics	Public Policy Studies	Social Sciences	Sociology	Sociology & Anthropology	Church Music	Philosophy & Religion	Pre-Ministerial	Religion	Religious Education	Behavioral Science	Chemistry-Business	Environmental Studies	General Science	Humanistic Studies	Interdisciplinary Studies	Marine Sciences	Urban Science
					x		x				x	x		x	x											
					x						x	x														
	x	x			x		x					x														
					x		x				x	x														
				x	x						x						x									
	x				x		x					x			x		x	x								
	x				x		x					x											x	x		
	x				x		x			x		x					x								x	
	x				x		x				x						x	x								
					x						x						x	x				x				
		x			x							x		x	x			x						x		
					x		x					x				x					x		x			
		x			x	x					x	x		x			x	x	x	x		x				
		x			x		x				x	x						x				x				
					x		x					x				x					x					
					x		x					x														
					x			x									x									
					x							x					x									
		x			x		x				x	x					x					x				
		x			x		x										x		x		x					
					x						x	x		x			x	x				x				
		x			x		x					x					x									
		x			x							x												x		
					x				x				x	x	x	x				x						
						x					x															
					x							x			x		x									
					x												x							x		x
					x				x				x				x	x								
				x							x								x					x		
											x					x								x		
			x	x								x			x									x		
					x		x				x															
					x		x					x					x	x								
				x	x							x				x		x								
																						x		x		
																	x							x		
					x		x				x	x					x					x				
					x		x					x					x									

EDUCATION PROGRAMS OFFERED IN NORTH CAROLINA PRIVATE INSTITUTIONS

	Education, General	Elementary Education, Intermediate (4-9)	Elementary Education, Early Childhood (9-3)	Secondary Education	Special Education	Education of Mentally Retarded	Education of Emotionally Disturbed	Education of Deaf	Parish Education	Special Learning Disabilities	Business Education	Art Education	Music Education	Science Education	Physical Education	Health & Physical Education	Home Economics Education
Four-year Institutions																	
Atlantic Christian		X	X	X	X			X			X	X	X			X	
Barber-Scotia		X	X	X							X						
Belmont Abbey		*X	*X														
Bennett		X	X	X	X						X		X			X	X
Campbell	X														X		
Catawba		X	X	X												X	
Duke		X	X	X												X	
Elon		X	X	X							X		X		X		
Gardner-Webb		X	X	X												X	
Greensboro		X	X	X	X	X	X			X		X	X		X		
Guilford		X	X	X											X		
High Point		X	X	X								X	X			X	
Johnson C. Smith		X	X	X									X			X	
Lenoir Rhyne		X	X	X				X	X		X		X	X	X		
Livingstone		X	X	X							X				X		
Mars Hill		X	X	X							X		X		X		
Meredith		X	X	X									X				
Methodist		X	X	X													
N. C. Wesleyan		X	X												X		
Pfeiffer		X	X	X									X			X	
Queens		X	X	X									X				
Sacred Heart		X	X		X												
St. Andrews		X	X	X									X				
St. Augustine's		X	X	X							X					X	
Salem		X	X	X	X								X				
Shaw		X	X	X												X	
Wake Forest		X	X	X											X		
Warren Wilson		X	X	X													
Two-year Institutions																	
Brevard		X	X	X													
Chowan											X					X	
Kittrell		X	X	X							X					X	
Laps-McRae	X														X		
Louisburg	X														X		
Montreat-Anderson																	
Mount Olive	X																
Peace															X		
St. Mary's															X		
Wingate		X		X							X						

*Programs offered in conjunction with one or more institutions

TERMINAL OCCUPATIONAL PROGRAMS OFFERED IN NORTH CAROLINA PRIVATE INSTITUTIONS

	Business & Commerce													Mech. & Eng.	Data Proc.	Fine Arts		Health Prof.	Public Service	
	Accounting	Business	Secretarial Science	Business Administration	Medical Secretary	Legal Secretary	Church Secretary	One-Year Secretarial	General Clerical	Printing Technician	Teletypesetter Perforator	Executive Secretary	Business Management	Textile Management	Data Processing	General Music	Church Music	Nursing	Pre-School Education	Recreational Leadership
FOUR-YEAR INSTITUTIONS																				
Elon			2-Yr																	
Gardner-Webb		2-Yr.	2-Yr.				2-Yr.											2-Yr.		
Guilford	2-Yr																			
Lenoir Rhyne			2-Yr.																	
Mars Hill			2-Yr																	
St. Augustine's			2-Yr																	
TWO-YEAR INSTITUTIONS																				
Brevard			2-Yr	2-Yr																
Chowan			2-Yr.		2-Yr.	2-Yr.	2-Yr.	1-Yr.	1-Yr.	1-Yr.	1-Yr.									
Kittrell			1-Yr																	
Lees-McRae			2-Yr.		2-Yr.															
Louisburg		2-Yr. 1-Yr.	1-Yr		2-Yr	2-Yr	2-Yr.					2-Yr.								
Montreat-Anderson			2-Yr.																	2-Yr.
Mount Olive			2-Yr																	
Peace			2-Yr.																	
Wingate	2-Yr 1-Yr		1-Yr.		2-Yr.	2-Yr.	2-Yr.					2-Yr.	2-Yr	2-Yr	1-Yr.	2-Yr.	2-Yr.		2-Yr.	2-Yr